

EIGHT PAGES  
FROM SUNDAY'S  
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WEEKLY REVIEW  
INSIDE TODAY

# THE JERUSALEM POST

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VENTILATION MEANS...



## School system paralyzed

### 60,000 teachers strike tomorrow

By BERNIE JOSEPHS  
Jerusalem Post Reporter

The entire school system from kindergarten through high school is to be shut down tomorrow as more than 60,000 teachers go out on strike in protest against the projected cuts in the education budget, which they say will cost thousands of jobs.

The teachers, belonging to the Secondary Schools Teachers Association and the Histadrut Teachers Union, decided on a day-long walk-out at a meeting last night to discuss the cash crisis in the schools. The unions will meet on Wednesday to decide on their next moves.

The Bagrut (matriculation) examinations will be held as scheduled. The unions' militant action has been sparked by a letter sent this week to all school principals ordering them to cut two lesson hours a week in all schools, starting in the next school year which begins in September.

Teachers leaders said the reduction in hours would severely undermine education standards and cause chaos, especially in the high schools. They added that they had been informed that at least 4,000 teachers were to be fired this year in a bid to reduce costs by cutting 60,000 to 70,000 teaching hours over the next school year.

"This is something we cannot tolerate," said Hanna Meron, spokeswoman for the Secondary School Teacher's Association.

She pointed out that many parents were already paying an unofficial fee to their children's school in order to employ teachers above the number allowed by the Education Ministry, and thus to reduce the size of their children's classes.

"The real tragedy lies in places where parents can't afford to make such payments. It is no exaggeration to say that the education system is breaking down."

There was considerable confusion last night about the actual size of the education budget cuts. Education Ministry and Treasury officials have been meeting all week. Last night Education Ministry Director-General Shimon Shoshani was reported to have met with Finance Minister Moshe Nissim about the problem.

Experts spoke of cuts of up to NIS 100 million in the NIS 1.3 billion budget.

A spokesperson for the Knesset Education Committee said that even the committee members had no clear idea of what was going on, though they were certain that the Treasury was holding back funds it had promised to the Education Ministry.

"We have given Mr. Nissim until tomorrow to make clear what is happening. But as things stand we have no choice but to support the teachers' actions and we understand that Education Minister Yitzhak Navon also supports them," the spokesperson said.

## Cabinet to review tuition

Jerusalem Post Reporter

The cabinet will review last week's decision to set higher university tuition fees for students who have not served in the IDF, Prime Minister Shamir announced at the weekly session yesterday.

The decision which was widely regarded as discriminatory, provoked a wave of bitterness within Israel's Arab community and elsewhere.

Shamir explained that both Education Minister Yitzhak Navon and Minister without Portfolio Moshe Arens, who holds responsibility for Arab affairs, requested that he schedule a review.

Arens said the Arab sector had been deeply pained by the decision, which the Likud pushed through last week by a majority of one vote against solid Alignment opposition. But he said there had been no intention to slight the Arab community, which in fact understood that IDF veterans should receive material aid.

Although there were no real grounds, Arens said, for the Arab reaction, it could not be ignored.

Navon said last week's decision to charge Arab students and others a higher fee did nothing to solve the chronic budget deficit in the universities.

(Related story - page 4)

## \$858,000 for Chagall picture

Jerusalem Post Reporter

Marc Chagall's painting *Flowers* (1973) was sold for \$858,000 at a Sotheby's Israel auction in Jerusalem last night. The price is a world record for a Chagall work from that period.

The painting was purchased by an anonymous collector in the U.S. who made the bid by phone, the Sotheby's Israel spokesman said.

The auction, at the Jerusalem Hilton, was the first international auction of paintings to be held in Israel by the London-based Sotheby's auction house.

Other paintings commanding high prices were *Irish girl*, by the Jewish French impressionist Jules Pascin, for "about \$100,000," and two works by the Israeli artist Rubin, for \$50,000 each.

Auctioneer was Melanie Clore, Sotheby's only woman auctioneer, who flew here from London for the event.

Sales totals for yesterday's auction were \$1.828 million for paintings and \$850,000 for Judaica.

## Court confirms framing by Shin Bet; upholds lesser offence

### Nafsu released, cleared of treason and espionage



Izzat Nafsu (centre) leaving the Supreme Court yesterday after his successful appeal. (Tikiner/Media)

By MENACHEM SHALEV  
Jerusalem Post Reporter

The Supreme Court yesterday released former IDF Lieutenant Izzat Nafsu from prison, confirming his eight-year old claim that he had been framed by the Shin Bet.

But the court did uphold a lesser charge against Nafsu, sentencing him to two years in jail, and demoting him to the rank of sergeant major. The sentence was based on Nafsu's confession yesterday that he had exceeded his authority by not informing his superiors of two 1979 meetings with a senior Fatah commander in South Lebanon.

Since he has already served 7½ years of his original 18-year prison term, the court ordered Nafsu released immediately. His original convictions of treason, espionage and transfer of military equipment to the enemy were overturned.

Nafsu's attorney Arieh Kamar said after the court's decision that his client would sue the state for wrongful imprisonment for the 5½ years he served beyond the two-year sentence. He said that Nafsu would demand his military salary for that period and would seek damages for the hardship and suffering caused him.

Military Judge Advocate-General Tal-Aluf Amnon Nevo, who represented the state, admitted in court that the Shin Bet had employed illegal interrogation methods against Nafsu, and that its agents had lied about these methods to the military courts which tried him. Nevo did not claim that the rest of the evidence against Nafsu would suffice to convict him.

Denying only the use of direct violence, the Shin Bet thus corroborated Nafsu's claim that during his interrogation he had been kept awake for days and nights, forced to stand outside his interrogation room in winter for hours on end, and repeatedly sent to take cold showers.

Nafsu's investigators had also threatened that they would arrest his mother and wife and force them to strip in public, and that they would publicize sensitive personal information about him.

The court called on the attorney-general to take "decisive measures to uproot such phenomena."

Nevo did not admit to Nafsu's

claim that he had been beaten, kicked, slapped or had his hair pulled.

The Shin Bet also admitted to having destroyed most of the transcripts of Nafsu's interrogation. The court found that both the prosecution and the defence were thus hampered in their examination of witnesses, and had only partial knowledge of the course of Nafsu's interrogation.

The court ruled that Shin Bet investigations which lead to court proceedings must be bound by the same rules that apply to police investigations.

The court noted last week's appointment of the Tunk-Zamir panel that is to investigate the Shin Bet's interrogation procedures, saying that it "reflects the urgency and importance" of the review.

Prime Minister Shamir said last night that he would discuss the court ruling with the heads of the Shin Bet after reading it.

MK Yossi Sarid (Citizens Rights Movement) said that Nafsu's interrogators must be prosecuted, and that the Shin Bet must "undergo a thorough house-cleaning." He said that it was "mindboggling that a citizen had sat in prison for eight years while innocent."

Sarid said: "We should be overjoyed at having such a court, but woe to us that we have such a Shin Bet."

Nafsu's confession was given under a plea bargain agreement concluded between the state and his lawyers a week ago. Nafsu said in court that he had given the confession freely and willingly, alleviating the court's fears that he was confessing to a crime which he did not commit because he "no longer had the strength to endure his prison sentence."

Nafsu admitted that while serving as a special tasks officer in South Lebanon in 1979 he was asked by a Southern Lebanese "informant" to meet a man "connected with the terrorists" who said he had information on terrorist activities in the eastern sector of South Lebanon. Nafsu held the meeting.

At a second meeting between the two, which took place in the village of Shaba in South Lebanon, the man revealed that he was a senior commander in Fatah and that the two's previous meeting had been filmed. He then tried to blackmail Nafsu.

(Continued on Page 7)

## Pay hospitals cash!

### Meuhedet, Leumit sick funds hit

TEL AVIV (Itim). - Members of the Meuhedet and Leumit Health Funds will be required to pay NIS 205 a day in cash for hospitalization in all government hospitals, as of today.

The acting director-general of the Health Ministry Dr. Moshe Mashiah, informed the 32 government hospitals of the decision and ordered them to collect the charges as of today.

Mashiah said that he had taken the drastic step in view of the failure of the two health funds to pay NIS 1.5 million they owed the ministry after a month and a half of negotiations. In addition, he said, they had

not yet paid last year's debt, which totalled NIS 16 million.

He added that the Treasury had refused to cover these debts, claiming that the financial condition of both funds was satisfactory and did not justify the extension of such government help.

As of this morning, government hospitals will refuse to honour these sick funds' Forms No. 17, and their members seeking hospitalization will have to pay hospitalization charges in cash.

Patients hospitalized on an emergency basis, will be admitted, cared for and then charged before their release.

## Black S. Africans cancel appearance

### Defying ANC ban could endanger their lives

Jerusalem Post Reporter

The black South African dance and music group Amampondo, due to appear at the Israel Festival beginning on Wednesday, has cancelled its engagement because the group members reportedly fear for their lives if they defy an African National Congress (ANC) order not to appear.

Festival spokesman Ben-Zion Shira told *The Jerusalem Post* last night that festival organizers received a telex from the group informing them of the cancellation without reference to the ANC.

But "the group's representative" said in a subsequent phone call that the group members feared for their lives if they came to Israel.

The telex received by the festival organizers read:

"Regret due to political pressure in the form of a cultural boycott, Amampondo has not been granted the go-ahead to perform at the Israel Festival. Performance at the festival will be politically detrimental to both the festival and Amampondo."

Shira said it is apparently ANC policy not to let black groups out of the country unless their programmes have a political and anti-apartheid content.

All of Amampondo's shows had been sold out, Shira said, and the management of the festival has decided that ticket holders can trade them in for tickets to any other performance, regardless of price. Tickets should be exchanged at place of purchase, he said. (Festival diary - page 4)

## Higher rents for absorption centres

By ARYEH RUBINSTEIN  
Jerusalem Post Reporter

The Jewish Agency has decided to raise rents on its absorption centre flats considerably, in the hope that many of the current occupants will vacate them to make them available for new immigrants from the Soviet Union and the West. The new rates will come into effect on July 1.

Announcing this yesterday, Aliya Department spokesman Uri Ya'acov said that of the 10,400 im-

migrants now living in absorption centres, 3,018 have been there for over two years. Another 2,875 have lived there between one and two years, and 1,776 for between six and 12 months.

Although the absorption centres were meant to house immigrants only during their first six months in the country, only 2,925 of the total number of centre residents have been in Israel less than half a year. The new rents are on a sliding

scale, depending on the period of occupancy. For the first six months, no rent is charged; for 6-9 months, 50 per cent of the market rent; for 9-12 months, 75 per cent; for 12-14 months, the full market rent; for 24-36 months, 125 per cent of the market rent; and for more than 36 months, 150 per cent.

For example, for a three-room flat in Mevasseret Zion and Gilo (the most expensive absorption centres), the present rent of NIS 78.50 will rise to NIS 150 for residents who have been there 7-9 months and NIS 450 for those who have been there over three years, with the other categories falling in between those sums.

A department survey of immigrants in absorption centres for over

two years showed that 40 per cent of the families had one breadwinner, 16 per cent had two, and 44 per cent had none. The latter group will get a rent allowance for the department's social betterment branch.

Presumably, most of that group lives in the lower-cost absorption centres, such as Kiryat Gat, Beer-sheba Bet, Hadera, Upper Nazareth, and Netanya (Ben-Yehuda), where the rent is half or less than in Mevasseret.

The waiting list for flats in absorption centres in Jerusalem and the Tel Aviv area is long and the department has not been very successful in getting applicants to sign up for absorption centres elsewhere.

## Saudis strike gold

JEDDAH (Reuters). - Government geologists said yesterday they had uncovered what might be Saudi Arabia's biggest gold find at ancient workings southwest of Riyadh.

They said core samples taken from mines at al-Amar, 200 kilometres from Riyadh, indicated one of the two veins at the site might contain up to 1 million tons of ore graded at a very rich 20 to 30 grams of gold per ton.

They said the second vein at the mine, first mined a thousand years ago, has yet to be investigated fully.

The geologists said the gold would probably have to be extracted by underground mining which is more expensive than surface mining.

But they said a grade of 10 grams per ton was considered good for underground gold mining.

The geologists said one exceptional metre of core sample produced an amazing 8 per cent copper, 42 per cent zinc, 423 grams of silver and 492 grams of gold per ton.

The deposit at al-Amar, the geologists said, were potentially as big as or bigger than those at Mahd al-Dahab which, when developed, are expected to produce two to three tons of bullion annually.

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# The weather at major Swissair destinations

24.5.87	MIN.	MAX.	WIND	WEATHER
AMSTERDAM	7	15	10	Cloudy
BRUSSELS	7	15	10	Cloudy
FRANKFURT	7	15	10	Cloudy
GENOVA	7	15	10	Cloudy
HELSINKI	7	15	10	Cloudy
LONDON	7	15	10	Cloudy
MADRID	7	15	10	Cloudy
MONTREAL	7	15	10	Cloudy
NEW YORK	7	15	10	Cloudy
OSLO	7	15	10	Cloudy
PARIS	7	15	10	Cloudy
ROME	7	15	10	Cloudy
STOCKHOLM	7	15	10	Cloudy
TOKYO	7	15	10	Cloudy
ZURICH	7	15	10	Cloudy

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## THE WEATHER

Jerusalem	20	22-24	26
Golan	46	9-24	26
Nahariya	22	8-22	24
Safed	22	8-22	24
Haifa Port	44	16-29	30
Tiberias	39	13-24	26
Nazareth	29	14-27	29
Afula	29	14-27	29
Sharon	60	12-23	26
Tel Aviv	53	14-25	27
B-G Airport	51	18-32	33
Jericho	70	16-23	24
Gaza	33	15-28	31
Beer Sheva	8	21-36	37
Eilat	8	21-36	37

## SOCIAL & PERSONAL

**The Hy Hochberg Sports Complex** in Metulla was dedicated last week in a ceremony attended by local council head Yossi Goldberg and the late Hochberg's wife Pauline, and children - Brian and Lisa, as well as Ottawa residents Norman Zagerman, Lorry Greenberg, and Stephen Victor.

The Ambassador of Canada and Mrs. James K. Bartleman yesterday gave a reception in honour of the visiting National Defence College of Canada delegation at their Herzliya residence.

## ARRIVALS

Jerusalem College of Technology American Board "Mission 87," led by Honorary Chairman Jack D. Weiler, including S. Daniel Abrams, Mr. and Mrs. Charles Bendheim, Carolyn Cohen, Mr. and Mrs. Jerry L. Cohen, Mr. and Mrs. Philip P. Goodwin, Eli Hoffman, Mr. and Mrs. Frank Nuss, Irwin H. Robinson, Mr. and Mrs. Charles Sakschauer, Mr. and Mrs. Ronnie Shapiro, Mrs. Ellen Mitchell, Mr. and Mrs. Alex Wender.

Meir Perloff, features editor of the Jewish Chronicle.

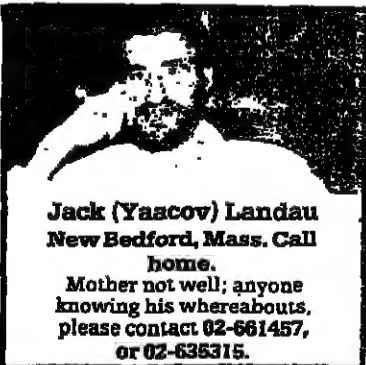
## Labour ministers want Hurvitz out

Post Diplomatic Correspondent  
A number of ministers at yesterday's meeting of the Labour ministerial caucus *Sareinu* demanded the replacement of Minister without Portfolio Yigael Hurvitz by a minister "more in tune" with Labour's foreign and defence policies.

The ministers were particularly incensed at Hurvitz's opposition to early elections, now demanded by the party, and to Foreign Minister Shimon Peres's diplomatic efforts to convene an international peace conference.

Hurvitz is head of the Ometz faction in the national unity coalition, which is allied politically with the Alignment. He is one of the 12 ministers of the Labour bloc in the 25-minister cabinet.

The *Sareinu* forum will continue to consider the Hurvitz issue at its next meeting on Wednesday.



Jack (Yasov) Landau  
New Bedford, Mass. Call home.

Mother not yet anyone knowing his whereabouts, please contact 02-661457, or 02-636315.

# HOME AND FOREIGN NEWS

## Yitzhak Peretz back in cabinet

# A minister comes...

The cabinet yesterday coopted Shas leader Yitzhak Peretz as minister without portfolio yesterday, by a vote of 18 to three, with two abstentions. The decision will be submitted for Knesset approval today.

Voting against were Amnon Rubinstein, whose resignation as communications minister takes effect tomorrow and two Alignment men, Minister without Portfolio Ezer Weizman and Absorption Minister Ya'acov Tsur. Minister without Portfolio Yigael Hurvitz (Ometz), and Economics Minister Gad Ya'acobi abstained. Defence Minister Yitzhak Rabin did not take part in the vote although he was present while it was taken.

The reservations in the voting pattern of these six Alignment or Alignment-affiliated ministers reflected the Alignment's suspicions about the deal concluded between the ultra-orthodox Shas faction and the Likud. Shas, according to this arrangement, thwarted the Alignment's bid to win early elections; the Likud promised in return to help put through religious legislation.

The Alignment ministerial caucus *Sareinu* huddled twice yesterday morning to consider their stand on Peretz, once before the cabinet session, and once in a recess they had requested.

Vice Premier and Alignment leader Shimon Peres said before the vote that he would only consent to coopting Peretz if Prime Minister Shamir would state officially that the committee of ministers on conversion procedures would continue to function; that the government would table no new religious legislation without prior Alignment approval; and that the effect of Peretz's return to the Cabinet would not violate the coalition agreement on the religious status quo.

Shamir replied that the coalition agreement and the basic policy guidelines of the national unity coalition would not be affected in any way by the Shas leader's return to the cabinet. He added that the deal between the



Rabbi Yitzhak Peretz (Rivka Finder)

Likud and Shas had no bearing whatsoever on the coalition agreement.

Peres asked whether Shamir would show him the terms of the agreement but Shamir declined.

Energy Minister Moshe Shalom of the Alignment said later that the Likud would have a problem honouring both its commitment to the Alignment on the religious status quo, and its commitment to Shas to introduce new legislation on conversions to Judaism.

## Amnon Rubinstein tenders resignation

# A minister goes

Communications Minister and Shinui leader Amnon Rubinstein submitted his letter of resignation from the cabinet to Prime Minister Shamir yesterday, and Shamir notified the cabinet of Rubinstein's step at its weekly session.

Under the Basic Law: Government, the resignation takes effect 48 hours after its formal submission. Rubinstein wrote in his letter that the inner cabinet's rejection of the peace programme formulated by Foreign Minister Shimon Peres was a negative development of extremely grave significance, even though he personally was far from sure that it would have led to peace.

A new state of affairs had come into being, Rubinstein wrote, a state of mutual paralysis which was not only degrading itself, but was turning Israel into a mockery in the eyes of the outside world.

Because of the present balance inside the government, he said, the status quo on religious affairs had been flouted as well.

Shamir said that he accepted Rubinstein's resignation with regret. Despite differences in outlook, Shamir said, it had been gratifying to work with him.

The group of Alignment ministers, *Sareinu*, decided yesterday that Economics Minister Gad Ya'acobi would hold Rubinstein's communications portfolio on an interim basis, until the Alignment-led bloc inside the national unity coalition selects a permanent minister of communications.

One of the Alignment ministers told *The Jerusalem Post* that when they come to propose their candidate, the Likud-led bloc would quite likely condition its approval



Amnon Rubinstein takes his leave of a colleague in the Communications Ministry yesterday. (Scoop 88)

on the Alignment's consent to Minister without Portfolio Yitzhak Moda's getting back the justice portfolio. Rubinstein yesterday took his leave of his ministry staffers.

## Peres, Sharon clash in cabinet

Post Diplomatic Correspondent  
Foreign Minister Peres and Trade and Industry Minister Ariel Sharon exchanged "words" at yesterday's cabinet meeting, with Peres accusing Sharon of "leaking" a false report about an agreement with Jordan on the future of Jerusalem.

The exchange occurred during Peres's report to the ministers on his visit last week to the U.S., where he discussed possible future steps needed for the convening of an international peace conference on the Middle East. Peres and the Americans, it is understood, agreed on the need to try to reach an accord with the Soviets about the ground rules of the conference. Senior American and Soviet officials are scheduled to meet next month in Europe for this purpose.

Peres also told the ministers of his talks with U.S. Secretary of State George Shultz about convening an international economic conference for the Middle East.

Sharon interjected: "Why are you worrying about the economy of Syria?"

After further interjections by Sharon, Peres said to him: "You are not the pope of truth," and accused Sharon of having leaked to the media that one of Peres's aides and concluded with the Jordanians that sovereignty over Jerusalem would be divided between Israel and Jordan in an ultimate peace settlement.

Sharon didn't deny that he had authored the leak.

## 'Demise of Lavi could revive defence firms'

By JOSHUA BRILLIANT  
Post Defence Reporter

TEL AVIV. - Senior sources in defence-related industries indicated yesterday that cancellation of the Lavi warplane project could lead to the revival of their own research and development projects. Some of these projects had been stopped in mid-course for lack of funds, one source said.

The Israel Aircraft Industries - the Lavi's main contractor - has claimed that cancellation of the Lavi project will harm technological development in Israel and lead to the dismissal of thousands of workers.

IAI executives have said that there are not enough projects to absorb the money and manpower that would be freed if the Lavi is grounded.

The IDF has maintained that alternative projects are available.

The management of the state-owned Rafael (Arms Development Authority) and the Military Industries have not formally come out against the Lavi, but senior officials from both insisted they have plans which cannot be implemented for lack of funds.

Rafael has so far fired 700 workers and is about to dismiss 300 more, a senior source there told *The Jerusalem Post*. Between 2,000 and 2,500 workers were dismissed at the Military Industries when it cut its budget.

"Our drawers contain development projects which we cannot pursue. Some have been stopped in mid-course," a Military Industries spokesman said.

Tadiran has also fired 2,000 workers, and its director general Yigal Neeman said some of the projects set aside include "a lot of innovation - many items which cannot be purchased abroad." (Comment - page 7).

Ze'ev Bonnen, Rafael's outgoing boss, echoed views expressed by senior defence sources that Israel would be better off developing weapons systems placed on existing platforms (planes or boats) rather than the platforms themselves.

A platform cost from \$10m. to \$20m., but the most expensive weapon - which will really determine the outcome of the battle - costs no more than hundreds of thousands of dollars, a source at Rafael said.

Jeff Black adds:

Minister without Portfolio Moshe Arens last night came out strongly in favour of the Lavi.

Speaking at a New Leadership of Israel Bonds dinner in Jerusalem, Arens described the project as "the most advanced fighter development going on in the world." Arens said he doubted that U.S. aid for the Lavi, around \$2 billion a year, would be freed for other projects.

The minister also said that domestic political reasons made him doubt the project would be terminated. There are too many people, said Arens, dependent on the Lavi for their livelihood.

## Kollek addresses HU Board

By ABRAM RABINOVICH  
Jerusalem Post Reporter

It has not been easy steering Jerusalem through the urban landmines that lay in the city's path during the 20 years of reunification, Mayor Teddy Kolek told the opening session of the Hebrew University Board of Governors last night.

Today, Kolek noted, Jerusalem was more tranquil than most cities in the world despite the virtually unparalleled complexities resulting from its diverse population.

"Our aim is a civilized city," he said. "A civilized city is one that takes care of all its minorities in a way we would like Jewish minorities to be treated elsewhere."

When he became mayor in 1965, noted Kolek, the greatest problem in the city was the relations between Oriental Jews, who comprised 70 per

cent of the Jewish population, and Ashkenazi Jews.

Today, he said, that problem has largely been resolved. "When I became mayor, perhaps 2 per cent of the University's students were from the Oriental community. Today they are 25 per cent."

## Another stabbing in Gaza

By BRADLEY BURSTON  
For The Jerusalem Post  
GAZA. - A 64-year-old Netivot resident was stabbed and students at the Islamic University rioted yesterday as unrest continued in the Gaza Strip.

The stabbing occurred near a gas station in the crowded shopping area of Gaza's Palestine Square. Massoud Shushani, of the nearby Negev town of Netivot, was shopping for a dress for his wife when he was stabbed in the shoulder. The assailant fled immediately.

The owner of the dress store came to Shushani's aid, helping him to reach police, who rushed him to Barzilai Hospital in Ashkelon.

Doctors who treated Shushani said that the knife missed his vital organs. Shushani, a father of 11, was released yesterday afternoon.

Shortly after the stabbing, security forces sealed off a large area of central Gaza. A search of the gas station yielded a knife thought to have been used in the attack. The operators of the gas station were arrested, as were a number of local shopkeepers.

Earlier in the day, a demonstration by students at the local Islamic University was dispersed by IDF troops, after slogan-chanting demonstrators began throwing stones and other objects. After the rioting was quelled, the university was closed for three days by military order.

## Mass rally for Rami Haba in TA

By JEFF BLACK  
For The Jerusalem Post

Gush Emunim and the council of settlements in the territories decided yesterday to hold a mass rally in Tel Aviv next Sunday as a memorial to eight-year-old Rami Haba of Eilat Moreh who was murdered last Thursday.

The settlers' decision to hold the rally is part of their plans to embark on a public relations campaign around the issue of terrorism in the territories.

Moderates among the settlers feel they have the public's support over their call for the application of harsher measures against Arab terrorists.

The moderates also say that actions like Gush Emunim's secretary-general Daniella Weiss's recent rampage in Kalkiya only seem to alienate mainstream Israeli society from the settlers.

As part of the settlers' campaign, women and children from Eilat Moreh plan to march in Jerusalem on Wednesday - Jerusalem Day.

Within other settler circles, however, there are those who believe the answer to terrorism is the establishment of additional settlements.

Weiss herself is known to favour such a policy and also supports efforts to establish a Jewish presence in Nabulus.

At present there is a yeshiva at Joseph's Tomb on the outskirts of that Arab city, but its students are not permitted to stay overnight. Instead they sleep at Eilat Moreh, a five-minute drive away.

While settlers in the West Bank commonly receive permission to carry arms, some of these students do not.

Within Eilat Moreh, the students are considered "hotheads," and the local leadership has been concerned that the students will try to avenge Rami Haba's murder.

Meanwhile Housing Minister David Levy yesterday announced the establishment of a new school at Eilat Moreh, in memory of the murdered boy.

## Iran warns India not to host Israelis

LONDON (Reuter). - Iran said yesterday that India would badly damage its reputation and jeopardize ties with Islamic states by allowing an Israeli tennis team to play in New Delhi.

India announced last week that its Davis Cup tennis tie against Israel would be played in the Indian capital, a major shift in its policy on sporting contacts with Israel.

The Iranian news agency Irna, said the Foreign Ministry told the Indian charge d'affaires in Tehran of the "Islamic Republic of Iran's" and the world Muslims' strong dissatisfaction over the impending visit of a Zionist sports team to India.

It said the move badly damaged India's reputation as a founding member of the Non-Aligned Movement and "will also mar its relations with the Islamic countries."

# Kimche ignored warning not to visit U.S.

By BENNY MORRIS  
Post Diplomatic Correspondent

Former Foreign Ministry director-general David Kimche was recently cautioned by cabinet Secretary Elyakim Rubinstein not to travel to the U.S. but chose to ignore the warning. He thus landed himself - and Israel - in the current diplomatic-judicial imbroglio around his role in the "Irangate" affair, sources in Jerusalem said yesterday.

Kimche is now a "consultant" to the British Lohmro corporation and to tycoon Saul Eisenberg. Late last week in New York, U.S. special investigator Lawrence Walsh served him with a subpoena to testify before a federal grand jury on his role in the arms sales to Iran.

Israeli officials said that Walsh was "primarily interested in obtaining testimony from Kimche on the

roles of the various Americans involved rather than on his own part." Kimche was instructed by Jerusalem to refuse to testify.

The court postponed its decision on the subpoena to June 10. Israel is contesting it on grounds of Kimche's "retroactive diplomatic immunity."

Kimche, maintain the Israeli experts, enjoys such immunity as he acted in the affair, over 1985-86, as an official and representative of the Israeli government; travelled to the U.S. on a diplomatic passport; and is a serving "ambassador extraordinary," who earns ISI a year from the state. Since retiring last year, Kimche has gone on at least one secret mission to Africa on behalf of the government.

Kimche decided to go to the U.S. despite the expiry on March 30 of the

(Continued on Back Page)

## Pollard panel findings to be issued tomorrow

Post Knesset Correspondent

The Knesset body investigating the Pollard espionage affair will make public part of its findings on the responsibility of cabinet ministers and civil servants for the intelligence snafu which soured relations between Israel and the U.S.

Jonathan Pollard, an American Jew working in naval intelligence in Washington, was engaged by an Israeli air force officer and a Defence Ministry official to steal U.S. secrets. He and his wife are now serving long prison terms.

The Knesset subcommittee for the intelligence and security services slipped off yesterday to the Neurim Police barracks south of Netanya to complete and sign its report in a marathon session. The MKs will eat and sleep at the barracks and stay there till they end their work. One report said they would sit till dawn.

Abba Eban, who chairs the subcommittee as well as the full Foreign Affairs and Defence Committee, expects to give Knesset Speaker Shlomo Hillel and the full committee the

report tomorrow. He will then make public selected findings in a press conference.

One of the subcommittee members, Yosef Burg of the National Religious Party, is not present at the marathon in Netanya. He refused to cancel his trip to Latin America. But he, like the other six MKs, supplied Eban with his replies to a questionnaire summing up the issues which emerged in the subcommittee's more than 40 sessions.

Burg got Eban's questionnaires and sent back his answers over the Defence Ministry communications network, in scrambled code.

Eban is understood to have spread political responsibility in his first draft for the foul-up to include both Likud and Alignment politicians. He seeks to produce a single report reflecting a consensus, it is believed.

Unless the MKs insist on turning out majority and minority reports differing greatly in their slant, the report is not expected to set off political landslides, especially as Prime Minister Shamir has said that the responsibility is indivisible in his view.

## NEWS IN BRIEF

### 'Jews not rushing to leave USSR'

MOSCOW (Reuter). - The number of Jews applying to leave the Soviet Union is "not growing" because people want to take part in Kremlin leader Mikhail Gorbachev's drive for *glasnost* (openness), according to Foreign Ministry spokesman Gennady Gerasimov.

He was writing in the latest edition of the weekly *Ogonyok* in response to a letter from U.S. television commentator Dan Rather, who asked how the West should assess "Glasnost" when, despite some positive changes, the Soviet Union still kept its troops in Afghanistan and limited Jewish emigration.

Rather said he had looked up the word *glasnost* in his dictionary and found it meant "publicity" rather than openness.

Gerasimov replied that *glasnost* was not a public relations campaign but "we must live and find out" whether it would succeed.

### 'Rambo' signs Israel deal

Sylvester Stallone signed an agreement in Jerusalem yesterday to make his next "Rambo" film in Israel.

Under the contract signed by the U.S. actor with the Industry and Trade Ministry, the shooting is to start in October on locations in the Negev, Eilat and near the Dead Sea.

The movie will have a cast of 150 and is expected to cost some \$8 million.

### Inmate causes blast

BEIT DAGAN (Itim). - An inmate of a mental institution, who refused to return to the asylum from his home here, yesterday opened the gas taps in his apartment, ignited the gas, and caused an explosion in which he and eight others were injured.

Custodians from the institution had come to the man's home to persuade him to return to the asylum. They were accompanied by policemen, who broke down his door after he had refused to open it.

In the ensuing explosion, the patient, seven policemen and a passer-by suffered burns. A policewoman suffered shock.

The victims were all hospitalized in Assaf Harofeh Hospital.

### Compromise on registration of Ethiopian olim

The Supreme Court yesterday authorized a compromise agreement between two Ethiopian immigrants and the Population Registry, whereby the former would be registered as Israeli citizens but would have no entry in the "religion" and "nationality" categories in the registry files.

The Interior Ministry's Population Registry had originally refused to record two Ethiopian immigrants as Israeli citizens because there were doubts as to their Jewish identity. They were, thus, also denied various benefits given to new immigrants.

The two applied to the High Court for a writ against the Registry. But before the final hearing on the application, the Registry officials relented and agreed to the above compromise. In authorizing the compromise yesterday the court also awarded the applicants NIS 1,000 in costs to be paid by the state. (Itim)

### Police play down Jerusalem disturbance

Jerusalem police believe that Saturday night's disturbances outside of the Old City's Damascus Gate were spontaneous and were connected to the conclusion of the Moslem Ramadan fast. Officials note that similar outbursts took place last year in the same vicinity.

Police said that only a few dozen young Moslems were involved in the outburst, which included stone-throwing and the attempted petrol bombing of an Egged bus. (Itim)

### Train driver in Habonim disaster begins trial

HAIFA (Itim). - The trial of Shlomo Somech, the driver of the train that crashed into a school bus at the Habonim rail crossing in March 1985, opens today in traffic court here.

Somech, 61, is charged with causing the death of 22 people through reckless driving. The prosecutor alleges that Somech saw the bus, loaded with pupils on their year-end outing, but did not take adequate steps to bring his train to a stop.

**TEL AVIV UNIVERSITY**

Dedication of  
The Austrian Friends of Tel Aviv University Hall

Lecture:  
Prof. Isaac P. Witz

Vice President for Research & Development

The Immunity System, AIDS and Cancer.

on Wednesday, May 27, 1987, at 1.00 p.m.  
The George S. Wise Faculty of Life Sciences  
The Cohen-Porter UK Building,  
Austrian Friends of Tel Aviv University Hall (08)  
Tel Aviv University Campus, Ramat Aviv  
Entrance through Austria Gate (1)  
(by invitation only, Tel. 420696)

To David Fink  
We share your grief on the death of your

**Sister**

Efrat Company and Staff

On the first anniversary of the death of my dear wife

**HANNAH PERRY**

there will be a graveside memorial service in  
Har Hamenuhot Cemetery, Givat Shaul,  
on Wednesday, May 27, 1987 (28 Iyar 5747) at 4:00 p.m.  
We shall meet in the plaza at the entrance  
to the cemetery at 3:45 p.m.

Eng. Ephraim Perry



# Bush says U.S.-Soviet missiles accord close

DURHAM, New Hampshire. — The U.S. and Soviet Union are close to an agreement on reducing medium-range nuclear weapons, Vice president George Bush said Saturday.

Bush gave few specifics during a commencement address before 1,850 graduating seniors and more than 14,000 spectators at the university of New Hampshire football stadium.

"We're close to an agreement that will result in both the U.S. and the Soviet Union reducing their stockpiles, if not getting rid of them entirely, (of) intermediate nuclear force weapons," Bush said.

"Just how much we can achieve remains to be seen."

The U.S. will meet the Soviets half way on any treaty calling for "equitable, verifiable and stabilizing reductions," Bush said.

However, he said, the Soviets have unstated political objectives in Europe.

"First, they want to decouple Western Europe from the U.S. Second, they want to weaken NATO defenses."

Soviet leader Mikhail Gorbachev, in an April 10 meeting in Moscow with Secretary of State George Shultz, offered to link an accord on medium-range missiles — those with ranges of 1,000 to 5,000 km — to elimination of weapons with shorter ranges, as low as 500 km.

Arms control negotiators meeting in Geneva are considering the proposal. Meanwhile, American officials are discussing the proposal with NATO allies, who have expressed concern that eliminating medium-range nuclear weapons could leave Western Europe vulnerable to Soviet conventional forces.

"We're not pushing our own preference," Bush said. "We will not, cannot, allow the Soviets to split, weaken or divide the alliance."

Nato defence ministers will this

week consider the strategic implications of a U.S.-Soviet medium-range missile agreement for the East-West balance in non-nuclear forces, alliance officials said in Brussels yesterday.

They said a two-day meeting of 14 defence ministers, starting in the Belgian capital tomorrow, will look beyond the issue of whether to accept such an accord and will assess its likely impact on the balance in conventional strength.

With the exception of West Germany, all 16 NATO member nations have come out broadly in favour of accepting a ban on shorter-range missiles in Europe to clear the way for a medium-range missile accord.

West German Chancellor Helmut Kohl has argued that acceptance of such a situation would expose his front-line country to a threat from Warsaw pact conventional forces, which NATO regards as superior in numbers of troops and equipment.

## In London, \$50,000 buys you a passport

By DAVID HOROVITZ  
Jerusalem Post Correspondent  
LONDON. — A month after the *Sunday People* newspaper uncovered a passport-for-sale scam at the Irish embassy in London, the *Sunday Times* yesterday exposed a similar operation, based in a London solicitor's office.

Guy Clapham's West End office acts as the clearing house for a racket that provides false passports for customers paying up to \$50,000, the paper reported.

The racket is controlled in Athens by one Dr. Konstantinos Hryssoulis, with a range of passports from 30 countries on offer.

According to the report, Hryssoulis has claimed to have sold passports to Libyan agents, PLO members, and Italian Red Brigades terrorists.

The passports are sold through discreet advertisements in publications such as the *International Herald Tribune*, the *Wall Street Journal* and *Private Eye*. Clapham reportedly acts as middleman, taking the orders and the cash, and handing over the false documents.

Clapham has admitted supplying passports, but denies having broken the law, and claims to be unaware that his customers may be terrorists.

The *Sunday Times* reported that one of its journalists answered a *Herald Tribune* advertisement and received a printed circular offering various passports and a series of reports with titles such as, "How to get a second passport," "Fraud international" and "A guide to U.K. immigration."

The reporter, posing as a Libyan living illegally in Britain, contacted Hryssoulis, and was offered Brazilian, Paraguayan or Honduran passports, for around \$50,000. Two passports and identity cards, with different names, could be purchased by the same person, he was told. In addition, driving licences, tax forms and other documents would be provided free.

Hryssoulis claimed that the passports were all genuine, and that the hefty prices resulted from the hefty bribes he was paying South American officials for the passports.

Brazilian officials, reacting to the report, have stated that they knew of a racket of this kind, and that they are investigating.

WHALES. — The Greenpeace environmental group has hailed the Soviet Union's decision to halt commercial whaling, saying it would increase pressure on Japan and four other countries to stop the practice.



Philippine demonstrators climb up the gate of a military camp where 15,000 right-wing opponents of President Corason Aquino held a rally yesterday to denounce alleged fraud in the May 11 legislative elections. "Come out of the camps and join us," they shouted through loudspeakers at soldiers in Manila's two main military camps. "Cory, step down. Let (former defence secretary Juan Ponce) Enrile run the country!" (Reuters)

## No cover-up by U.S. navy on Stark raid, Senator says

BAHRAIN (Reuters). — A U.S. senator investigating the Iraqi missile attack on the USS Stark said yesterday there would be no cover-up by the American Navy.

Tennessee Democrat Jim Sasser told a news conference that the navy, which has sent an 11-man board of inquiry to Bahrain where the ship is anchored, wanted to find out the facts of the case.

"The navy wants to get to the bottom of it and find out what happened so they can take steps to make sure it does not happen again, because the navy continues to operate

the same type of vessel," he said after inspecting the ship.

The May 17 attack on the guided-missile frigate, which left 37 of its crew dead, prompted questions in the U.S. as to why the ship did not activate its four anti-missile systems at the approach of Iraqi warplanes.

Sasser said he was asked by the Senate "to determine the extent of the risk to U.S. flag ships and navy vessels with regard to their continued operations in the Gulf, to determine whether or not our navy force here is adequate to meet the risk they might be presented with."

## Floods hit southern China

BEIJING. — Floods have inundated vast areas of southern China while thousands of troops continued yesterday to battle the country's biggest forest fire in memory, yesterday.

The New China News Agency said eastern and western sectors of the fire in the far northeast near the Soviet border had been controlled by fire breaks, but the blaze was still spreading south towards Inner Mongolia.

In Hongkong, the pro-Beijing newspaper *Tu Kung Pao* reported

that storms in the southern province of Guangdong had killed 68 people and flooded nearly 200,000 hectares of farmland.

It said that since Friday torrential rain had also damaged some 33,000 houses, 800 bridges and 400 kilometres of roads.

*Tu Kung Pao* quoted the official China News Service as saying 17,000 hectares of land in neighbouring Fujian province had also been inundated, although no casualties were reported. (Reuters, AP)

## FOREIGN BRIEFS

### Tyre car bomb kills Iran official's driver

BEIRUT (AFP). — One person was killed yesterday in a car bomb attack aimed against an official of the Pasdaran, Iran's Revolutionary Guard corps, in the southern Lebanese port city of Tyre, informed sources said here.

In the first such attack on an Iranian in Lebanon, the target was Hamid Sadeqi of the Pasdaran and the victim was his driver. The explosives were placed in the boot of Sadeqi's Mercedes.

### Kennedy meets Walesa

GDANSK (Reuters). — Senator Edward Kennedy met Solidarity leader Lech Walesa yesterday in this Polish Baltic port where the banned union was born from shipyard workers' discontent seven years ago.

Several hundred people gathered around and broke into enthusiastic applause, flashing the Solidarity victory sign and chanting "Sto lat, Sto lat" ("May you live 100 years").

### Turkish educators permit headscarf

ANKARA (Reuters). — Turkish universities have bowed to pressure from religious-conservative women students and decided to reverse a ban on wearing the Moslem headscarf on campus, newspapers reported yesterday.

### First private hospital slated for Moscow

MOSCOW (AFP). — The Soviet Union's first private hospital is to be opened this year in Moscow, the daily *Sovetskaya Kultura* reported here yesterday.

The paper quoted Professor V. Rutgaizer of the State Planning Commission (Gosplan) as saying the hospital would provide homeopathic treatment for paying patients.

"Till now, to get the medicine or treatment you want, you have to use family contacts, presents or bribes. I think a paying medical service legalizes people's wishes to receive qualified medical help," the professor said. The new homeopathic centre will charge eight to nine roubles (\$12-13) per day for inpatients, in contrast to the country's free medical treatment.

### Hermione Gingold, 89

NEW YORK (Reuters). — London-based actress Hermione Gingold died yesterday in a New York hospital of pneumonia complicated by cardiac disease, a hospital spokesman said.

Gingold, 89, a sharp-tongued comedienne, spent most of her later years appearing in the U.S. and was best known to film audiences for her roles in "Gigi," made in 1958, and "The Music Man," four years later.

## Mubarak 'never' to abandon Palestinians

By Post Middle East Staff  
Egypt will never abandon its support for the Palestinian people and it will do its utmost to push for the convening of an international peace conference, President Hosni Mubarak was quoted as saying by Cairo Radio.

Mubarak, however, made no specific reference to Egyptian attitudes toward the PLO, with whom relations currently are strained.

Mubarak was speaking at a meeting of the ruling National Democratic Party in Cairo late Saturday night that continued into the early hours yesterday morning. His comments were reported to Cairo Radio by Minister of Information Safwat al-Sharif.

Mubarak also stressed that domestic "stability" was the basic element needed for progress in Egypt, and

noted that the current state of peace has resulted in a faster pace of development.

Meanwhile, King Hussein was expected to talk about his efforts to convene an international peace conference yesterday during an overnight visit to Saudi Arabia.

Diplomats in Amman said he also would discuss his efforts to discuss the situation in Iraq and its Arab rival, Syria, which supports Iran in the Gulf war.

In Abu Dhabi yesterday, the newspaper *Al Itihad* said the United Arab Emirates had offered Jordan advanced weaponry, some of which is not even available to Warsaw Pact countries. The Soviet proposal reportedly will be discussed during an upcoming trip by Hussein to Moscow, according to unidentified diplomatic sources quoted by the newspaper.

## Saragosa return to pray for 29 tornado victims

SARAGOSA, Texas (Reuters). — Survivors of the tornado that killed 29 people here and injured up to 120, returned to the ruins of their town yesterday for a memorial service on the site where many victims died.

A spokesman for the sheriff's office in Pecos, 55 km north of the devastated town near the Texas border, said the service would be held on the site where Saragosa's community centre used to stand.

Six children were among those killed when the tornado struck on Friday night as townspeople crammed into the community centre for a preschool graduation ceremony. "One of the mothers of the children, Maria Muniz, said the children were so fierce they lifted her four-year-old son into the air."

The tornado, blowing at up to 360 kph, left more than a square kilometre of devastation in the hamlet of less than 200 people.

## 11 more Moslems shot dead in Meerut communal riots

NEW DELHI (Reuters). — Police shot dead at least 11 people and extended a curfew in Meerut to quell Hindu-Muslim riots which by official count have claimed 83 lives in the north Indian city there and the capital Delhi, 75 km, to the southwest, officials said yesterday.

On Saturday, when officials said the death toll stood at 63, correspondents who counted bodies claimed the figure was actually over 110 dead.

Meerut residents told Reuters police shot dead 11 Moslems and injured at least 20 last night in the city, where the army has been sent in to keep order since the Hindu-Muslim riots broke out in the city.

Police said they fired at rioters who shot at them during a house-to-house search for weapons. Several of the wounded were in serious condition.

Police have torn down loudspeaker

ers from many mosques and temples, saying religious leaders use them to incite violence.

Authorities extended the curfew to two-thirds of Meerut and troops and police scoured the city, seizing arms, daggers, drums of acid and petrol used to make bombs.

In Delhi, the army stood by as thousands of paramilitary police imposed an uneasy peace on the capital's curfew-bound old city.

"The situation is very tense but under control," a police spokesman said after the curfew was relaxed for an hour this morning to allow residents to buy food.

Eight people have been killed in riots by police firing in the crowded walled city in the past week.

Violence flared anew when thousands poured out of Delhi's Jama Masjid, India's biggest mosque, after Friday prayers and went on a rampage.

## Fiji's economy left in tatters

SUVA (Reuters). — The recent military coup in Fiji has left its economy in tatters, divided its people and alienated its close allies.

Ousted prime minister Timoti Bavadra refused yesterday to join the interim Advisory Council set up by Governor-General Ratu Sir Penaia Ganilau in a compromise with coup leader Lt.-Col. Sitiveni Rabuka.

Supporters of his Indian-dominated coalition threatened to start a campaign of protest or even set up a rival government.

Some Indians, fearing they will never again hold political power, were reported to be considering leaving the South Pacific nation, taking away their business acumen.

"That would be the greatest tragedy. Fiji needs these people — they have made the country what it is," one Australian banker told Reuters.

Rabuka justified his coup on the grounds that militant indigenous Fijians planned violent protests against the new government.

Indians outnumber Fijians by 17,000 in the population of 714,000 but had never before held a majority in government.

Rabuka now heads a sub-group within the Advisory Council charged with drafting a new constitution before new elections in about six months.

He has said he wants the constitution changed so Fiji will be ruled by indigenous Fijians and ethnic Indians will never again be able to hold a majority in government.

After arresting Bavadra's government at gunpoint in Parliament House ten days ago, Rabuka has been sworn in as an Advisory Council member by the governor-general, the representative of Fiji's head of state, Queen Elizabeth.

"He's supposed to be helping cure a problem that would not have arisen if he hadn't started it," one diplomat said.

Almost 50 people, mostly Indians, were injured in race riots which broke out last week.

The origins of the coup go deeper than a racial conflict between the relaxed Fijians and the hard-working Indians — descendants of indentured sugar-cane labourers brought in during British colonial times.

There is also friction between urbanized working-class Fijians and the rural conservative chiefs behind

Ratu Sir Kamisese Mara's Alliance Party.

The alliance had ruled since independence in 1970 until it was defeated by Bavadra's coalition in the April general election.

A religious element is injected by fundamentalist Christians within the Mara camp who oppose Indian Hindus and Moslems, Fijian political sources say.

Threats by the Bavadra government to investigate alleged corruption in the previous government also helped set the stage for the coup, the sources say.

Before yesterday's declaration by Bavadra, diplomats and other analysts said they doubted he had the stature to fight those behind the coup.

The coup has estranged Fiji, a solidly pro-western nation, from two important allies in a region already anxious about Libyan attempts to gain influence and a growing Soviet presence.

Australia and New Zealand, who have long provided aid, markets for Fijian produce and thousands of tourists, threatened economic sanctions when the military took over.

They say they doubt the viability of the caretaker administration.

## Many Germans would spurn census

BONN (Reuters). — Belying the national reputation for orderliness, a large number of West Germans are unwilling to be counted in a controversial census planned for next month. The first census in West Germany since 1970 follows seven years of legal and procedural battles.

Slogans calling on people to boycott the survey have appeared throughout the country; a leading magazine has explained how to avoid the census-taker; and police have raided the headquarters of the radical Greens party in Bonn to seize anti-census leaflets.

"Only sheep let themselves be counted," read the headlines of the leaflets, which were seized on the order of the city's public prosecutor.

In the central city of Kassel police discovered 1,000 forged census forms, which they believed could have been part of a plan to sabotage the census. In another town arsonists burnt down an office used by census officials.

The government, seeking to encourage public participation in the census on May 25, is spending 30

million marks (\$16.75m.) on the largest state-funded publicity campaign in West German history with nightly television advertising, posters and leaflets.

A government-commissioned opinion poll shows that up to seven per cent of the population would probably boycott the census despite risking fines of up to 10,000 marks.

The questions asked in the census forms may seem innocuous enough to a non-German.

One form asks about age, religion, employment and what types of transport the respondent uses to get to work. The other form asks about living conditions, the age and size of one's house and whether it is rented or owner-occupied.

But opponents of the measure, led by the Greens, remains mistrustful of the government's motive, despite official pledges that personal information will not be fed into police or into other state banks.

They point out the state already has access to a lot of information about its citizens. All West Germans have to carry forgery-proof

identity cards, which officials at customs posts can check using machines linked to police computers.

The government and the federal statistics office both say the census is necessary for social and economic planning and to find out exactly how many West Germans there actually are. Estimates put the population at more than 60 million.

A privately-commissioned poll showed up to 30 per cent of those who said they would complete the census were mistrustful of the use to which it could be put.

The organized opposition which includes the Communists as well as the Greens argues that if only five per cent of the population — approximately three million people — refuse to reply or supplies false information it will be useless. But the head of the Federal Statistics office Egon Hoelder would not say what level of disruption would render the census useless.

"After 17 years, little discrepancies are better than no census at all," he says.

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By LEA LEVAVI  
Jerusalem Post Reporter  
TEL AVIV. — Tel Aviv University president Moshe Many will recommend to the university's board of governors that the institution either close its doors for the coming academic year or raise tuition fees with a view to becoming a private institution.

Speaking at the first plenary session of the annual board of governors meeting yesterday, Many said he would raise this issue during the board's resolutions session on Thursday because "the current situation simply cannot continue."

He was apparently referring to the financial crisis facing all of the country's universities and for the dispute with the government over the level of state support.

He stressed that all the events of Board of Governors' Week are being paid for by private donations from

## The options for TAU: higher fees or closure?

# Universities in crisis

board members, not out of the university's regular operating budget. Many described the government's decision (now to be reviewed) on a two-tier tuition fee — one amount for those who served in the army and another higher fee for those who did not — as "discriminatory and unacceptable."

Earlier, during a symposium on higher education in Israel, Prof. Yehuda Elkana, head of the Van Leer Jerusalem Institute and Tel Aviv University's Institute for the Philosophy of Science and Ideas, said Israel is not fulfilling its obligation to provide higher education to

all of its young people who can benefit from it. He recommended that all high school graduates with any level of *bagrut* (matriculation) be accepted for one year of post-secondary education, after which they would be placed in a community college, junior college or university — or dropped altogether — depending on their level.

Amos Horev, former president of the Technion, said Israel cannot afford such far-reaching changes and should content itself with changing the existing system. He suggested that universities unify their top level

of administration instead of having a president in charge of finance and rector in charge of academic affairs. He also suggested that tuition be doubled, with loans and scholarships provided, and that universities decide whether they are state or private institutions instead of straddling the fence and being a little of both.

Subjects now taught only in the university, such as calculus, should be brought down to the high school level, he added.

"That sounds very nice," Elkana replied, "but in a country where 30 per cent of fourth graders don't

know how to read, it's difficult to implement such plans."

Six honorary doctorates and seven honorary fellowships were conferred last night at Tel Aviv University.

The following received honorary doctorates: Louis M. Ezdin, a businessman who has supported many programs at TAU including the first program to train teachers of the hearing impaired; Mrs. Hellen Gertner, chairman of Friends of TAU in Austria; Dr. Lyngne Jost Kjaer, president of Angung University in South Korea for his wide-ranging intellectual and academic contributions to the study of pre-Columbian Mexican culture; Prof. John Robert Schriener, Nobel Prize laureate in physics and Prof. James Wyggans, director of the National Institute of Health in the U.S.

Honorary fellowships were awarded to Prof. Lawrence Bestner, professor of accounting from Montreal; Harold Greenberg of Canada, who made possible the establishment of TAU's film and television department; Dr. Ruben Merand, sociologist and president of the Vancouver Center Society; Bernardino Matos, an Italian philologist; Ralph Rothstein, president of a U.S. dental laboratory; Gregorio Shapiro of Mexico, for his support of Jewish education and cultural activities in his own country and in Israel; and Catherine Prinz Whitman, a public figure in Germany.

## Misgav Ladach gets a permanent home

By JUDY SIEGAL  
Post Science and Health Reporter  
The Misgav Ladach hospital, which survived Arab onslaughts in the 1948 battle for Jerusalem's Old City and cramped "temporary quarters for 39 years in the New City, yesterday dedicated its new permanent home.

The oldest Jewish hospital in the country, Misgav Ladach was established in the Old City by the Rothschild family in 1843 to save the sick from disease and Jewish souls from Christian missionaries offering medical care. Its building was among the last to be evacuated in the Jewish Quarter in 1948. The hospital then took up residence in an Arab villa in the Old Katamon quarter and specialized in obstetrics and gynecology. It also provided clinics in other medical fields to the community.

Even though the Sephardi benefactors and administrators of the institution had sought no financial help from the government to build the new building, former health minister Mordechai Gur (who was not invited to yesterday's dedication ceremony) insisted that all or part of the new four-story building be set aside for geriatric beds, which are urgently needed in the city.

But his successor, Shoshana Arbeli-Almoudini, was present at the ceremony in the Dr. Macabbi Saltzberg rose garden behind the building in Rehov Hizkiyahu Hamelech, and congratulated the hospital for completing the \$4 million facility. The first patients are due to move from the inadequate, 440-square-metre premises in Rehov Kovalsh Katamon this week or next. The first baby to be born in the new building will receive a special certificate and medal.

President Herzog hinted at the controversy over the new building in his greetings. "It is not secret that at a time of budgetary distress in the health system, one could wonder if this is the proper time to open a new hospital. But this is not a new hospital, and it has a long history and tradition."

The ceremony was attended by some 1,000 guests from here and from Jewish communities in England, France, Canada, Switzerland, Finland and South Africa, including British businessman Leon Tanman, who donated some \$2 million as well as hospital equipment.

Other participants included Education Minister Yitzhak Navon (whose father was a member of the board many decades ago), Mayor Teddy Kollek (who had to be jabbed awake with an elbow and who gave a warmly-welcomed one-sentence speech), hospital administrator Reuven Kashani and medical director Michael Stark.

In addition to its 55 beds, the 7,200-square-metre hospital will have a mother-and-child care centre (Tamar Halav), internal medicine, ear-nose-and-throat, dermatology and chiropractic clinic. The original building, sold a few weeks for \$530,000 to a religious Zionist seminar group called Yakar will soon be vacated.

The upper floor of the new hospital, which has a TV, radio and phone in every room and Carrera marble from Italy in the lobby, may be used eventually to treat paying tourists. The administrators have not ruled out a geriatric wing, but say they will not establish one under pressure. Misgav Ladach still needs an additional \$1 million to complete and equip the whole building.

## Peretz aide replaces Rafi Levy in Jerusalem

By HAIM SHAPIRO  
Jerusalem Post Reporter  
The government yesterday confirmed the appointment of Eliahu Suissa, a close aide to former interior minister Yitzhak Peretz, as Jerusalem District Representative. He replaces Rafi Levy, who is on trial on corruption charges.

Suissa was named by Peretz as temporary chairman of the Jerusalem District Planning Commission in November, before the interior minister resigned his post. The appointment, then as now, sent fear into the hearts of Jerusalem sports fans, who suspect that Suissa will use his position to hold up construction of the Manahat soccer stadium, planned for southwest Jerusalem.

The stadium has been attacked by local ultra-Orthodox politicians, who see it as a "Hellenistic" threat that could lead to assimilation. In the past, a stadium planned for northern Jerusalem was cancelled because it was too close to the ultra-Orthodox neighbourhoods there. Many of the objections to the present stadium come from residents of the religious Bayit Vegan quarter, over a kilometre away.

But so far at least, there seems to be little substance to the fear that



Eliahu Suissa

Suissa will delay the stadium indefinitely by bureaucratic maneuvers. On the contrary, since he took over at the District Planning Commission, it has actually approved the stadium, although Suissa voted against it. Since then, he has been involved in presenting the plan to the national planning commission.

## Hammer to grasp Yosef nettle

By HAIM SHAPIRO  
Religious Affairs Minister Zevulun Hammer is to meet with former Sephardi chief rabbi Ovadia Yosef today to discuss demands by Attorney-General Yosef Harish that Yosef be disciplined for improper interference in political matters.

Yosef, who is a member of the Rabbinical High Court of Appeal had taken an active role in the Shas party's political negotiations, even though political involvement is forbidden for sitting judges.

Last week, Harish tried to get Yosef Shapira, who was acting religious affairs minister while Hammer was abroad, to take action on the matter. But Shapira only relayed Yosef's claim back to Harish.

Shapira and Hammer, both of the National Religious Party, have been loath to move against Yosef, even though the former chief rabbi is the mentor of the competing Shas party, for fear of alienating the religious public.

## Meeting old friends and new

By LEV BEARFIELD  
Jerusalem Post Reporter  
One of the nice things about an international arts festival is that it often brings together old friends who haven't seen each other for a while. And of course it brings together new friends.

Making new friends yesterday, for example, was Yosef Trevis, who was born 61 years ago in Turkey. You won't find Trevis listed anywhere in the Israel Festival programme books, but he's there every day at the Jerusalem Theatre. Trevis is a security guard. Trevis also fancies himself as something of a drummer.

So when American jazz drummer Andrew Cyrille was setting up his kit for rehearsal in the Henry Crown auditorium yesterday afternoon, Trevis couldn't restrain himself from hopping up on stage and showing his stuff. He immediately whipped off some Middle Eastern rhythms on the congas and bongos. And Andrew Cyrille couldn't have been more pleased.

"Right on!" enthused the American, giving Trevis a down-home slap on the palms. Trevis just beamed, then he waited off the stage, swishing his ample hips with Levantine *elan*.

Beaming himself, Cyrille went back to assembling his cymbals. Local

dancer Esti Keinan then took the stage and began a series of warm-up exercises. For Cyrille and Keinan, their duet later that evening would mark the renewal of an old friendship.

"Yes, we've performed together before in New York," Cyrille told us. "Esti was living there for a time and working with the La Mama company and we got together."



But isn't a drummer-dancer duet an unusual sort of gig for a jazz musician?

"I suppose so," Cyrille smiled, "but the principle is the same as I'm laying down rhythms for a pianist or a horn player. I just keep my eye on her all the time, just as I do with a lead musician. I'm providing the rhythm lines, but she's supplying the melody. You know, any good dancer is totally absorbed in the rhythm — that's what makes a good ballroom dancer, for example. And Esti is just tops when it comes to being in tune with the beat. So we work well together."

Security guard Yosef Trevis came swishing by again, this time doing a bit of a belly dance. Cyrille gave him the high sign, but with Keinan now deep in her work-out, he was not invited back up on stage.

In addition to being grateful for the opportunity to work again with Keinan, Andrew Cyrille said he was also very happy to be playing again that evening with the pianist Cecil Taylor.

"Cool and I go way back," he said. "We actually played together for 11 years solid — and yet for the past 10 years we haven't been together at all. So it's a real reunion for us tonight."

Local drummer Jerry Garval, who with his Kedma Trio was also on the bill for the "Four Winds" jazz-Middle East-Indian music programme, smiled in satisfaction as Cyrille finally started applying the mallets to his Zildjian cymbals and Keinan threw herself into a series of fits, starts and rolls across the stage.

Today's outdoor festival events include the "Bus" project, leaving the Henry Crown Plaza at 4 and 6 p.m., clarinetist Yisrael Zohar at the Henry Crown Plaza at 6:30 p.m., and the Pyramid Theatre production of *Alice in Magicaland* (for children) at the Henry Crown Plaza at 4, 5 and 6 p.m.

## TENNIS

### Reform's sudden death

DUESSELDORF (Reuter). — John McEnroe was disqualified as he walked off the court after a dispute with the umpire in the opening singles of the World Cup Team Tennis Final between the United States and Czechoslovakia yesterday.

Umpire Richard Kaufman, who had doped McEnroe a penalty point, awarded the match to Miloslav Mecir, who was leading 7-5, 2-6, 2-1 at the time.

The dispute, which ruined what had been an exceptionally entertaining match, flared over some delectable calls in the third game of the third set when Mecir broke McEnroe.

McEnroe first argued that a net was called on his service, claiming the ball had been well over the net. Later in the same game he was upset again when a Mecir shot which looked long was not called out. On the next point he was foot-faulted.

An enraged McEnroe continued to argue during the change-over and received a warning for unsportsmanlike conduct from Kaufman.

He jumped to his feet and

screamed, "I don't believe this!" to Kaufman before returning to his seat and kicking the bag containing his rackets.

The match continued with Mecir leading 30-0 on service when McEnroe refused to face the Czechoslovak, preventing him from serving.

Kaufman gave McEnroe a warning over a time violation, then awarded Mecir the point.

McEnroe walked to his seat, put away his rackets and began to walk off court as Kaufman gave Mecir the game and the match.

McEnroe was fined \$4,500, and faces further penalties.

Later Milan Srejber lost to Brad Gilbert 6-4, 5-7, 6-4, and Czechoslovakia and United States are tied at 1-1 before the deciding doubles.

In Marbella, Gabriela Sabatini of Argentina defeated Martina Navratilova to win the first Marbella International Tennis Tournament for Women. Sabatini's 2-6, 7-6 (9-7), 7-6 (9-7) victory came in a match that lasted more than 2 1/2 hours.

In Geneva, Chris Evert, the top seed, won the European Open Women's Tennis Tournament here on Sunday with a win in three sets over Bulgaria's Manuela Maleeva. Evert triumphed 6-3, 4-6, 6-2 for her fourth win of the year and the 152nd of her career.

## Amos draws Srejber in French Open

By JACK LEON  
Amos Mansdorf has relished playing against Czechoslovaks in recent months. In the opening round of the French Open starting today, he plays Milan Srejber.

If Mansdorf wins (he is ranked 35th in the computer standings compared to Srejber's 41st place) he will probably meet Guillermo Vilas, the Argentinean clay court specialist.

And if he mounts that hurdle as well his third-round opponent could be none other than Miloslav Mecir, the Czech No. 1 whom the Israeli champion has beaten twice in important matches — first in the Davis Cup and then to capture the valuable Tokyo challenge earlier this month.

Gilad Bloom, Israel's other direct entrant into the Open, is up against Argentina's Francisco Venturi. Bloom is 111 on the computer, his opponent a handy 86.

## GOLF

### Internationals at play

Post Sports Reporter

CAESAREA. — Jim Johnson of Scotland and Leith Comer of New Zealand, both keen golfers in their home countries, have been compelled since arriving six months ago to join the Multinational Observer Force in Sinai to pursue their favourite sport by driving balls off into the vast Sinai wastes.

Yesterday, they revelled in their transfer to the gloriously verdant surroundings of the links here, burnt up the course with a staggering 14-under par 57 better ball net, and so captured first prize in the second annual International Day tournament.

Johnson, playing off a 20 and Comer off an 18 handicap, thus retained MFO supremacy in this highly enjoyable event; a pair from the Sinai force won the inaugural competition last year. Their prize for commitment was worthy of the long haul from the desert — two air tickets to Europe courtesy of Lufthansa Airlines.

Six strokes back in second place were the Canadians Doug Dwyer and Paul Kitcher who'll enjoy a week's free car rental upon return from their tour.

Paulo Coll of Venezuela and William Campbell of the U.S. took third and fourth places behind the Canadians. Coll, a former professional, had a hole-in-one on the 18th, while the UN's Bill Gibson's 245m hampered drive down the first fairway was the longest of the day.

The perfectly organized day, enjoyed by 120 diplomats and other guests from a dozen nations, concluded with a pool-side feast and fashion show at the Dan Caesarea. The other sponsors were Tavel Import and Export Services.



NEW ROLE. — Mike Burstein as golfer. (Israel Sun)

## RUGBY

SYDNEY (APF). — Fiji took the honours on the third day of the inaugural Rugby Union World Cup, while North American Rugby received a major shot in the arm with wins for both Canada and the United States.

The Fijians, the greatest underdogs of world rugby, produced a sparkling display of aggression and fleet-footed running to shatter Hong Kong's Argentina 28-9. The U.S. beat Japan 21-18 and Canada thrashed Tonga 37-4.

SOCCER. — Barcelona beat Real Madrid 3-1 to remain in contention in the Spanish First Division. BIRMINGHAM. — Yang Ying (China) beat Martin Frest (Denmark) 15-2, 13-15, 15-12 in the World Championship in Beijing. BANGKOK (China) beat Li Lingling (China) 18-13, 11-4, 11-7 in the women's final.

## NBA

Detroit Pistons beat Boston Celtics 122-104 in the third game of the Eastern Conference final. Boston lead 2-1.

Los Angeles Lakers edged Seattle SuperSonics 122-121 in the Western Conference final to establish a 3-0 lead.

## BASEBALL

AMERICAN LEAGUE: White Sox 9, Chicago 1, Orioles 5, Athletics 4, Twins 7, Tigers 5, Indians 6, Brewers 2, Rangers 6, Royals 4, Blue Jays 4, Mariners 2, Yankees 3, Angels 8. NATIONAL LEAGUE: Cubs 7, Braves 6, Dodgers 4, Mets 2, Phillies 9, Giants 8, Cardinals 4, Astros 3, Expos 6, Padres 8.

**TEL AVIV UNIVERSITY**

Inauguration of  
The Dr. Sima Vaisman Medical Specialisation Fund

Lecture:  
Prof. Hayim Boichis  
Dean of the Sackler Faculty of Medicine

Recent Developments in Medical Education  
on Wednesday, May 27, 1987, at 11.00 a.m.  
Sackler Faculty of Medicine Building, Hall 202,  
Tel Aviv University Campus, Ramat Aviv

Entrance through Austria Gate (1)

— The public is invited —

## TODAY'S ENTERTAINMENT

**TELEVISION**

**EDUCATIONAL TV**  
8.00 Teletext 8.05 Keep Fit 8.15 School Broadcasts 14.00 Teletext 14.05 Keep Fit 14.15 Mating Magic 14.25 Super Train 15.00 Mrs. Peppercorn — animated film 15.15 Family Problems 15.50 Keep Fit 16.00 Five Mile Creek (part 24) 17.00 A New Evening — live magazine

**ISRAELI TV**

**CHILDREN'S PROGRAMMES**  
17.30 The Care Bears (part 3)  
18.00 The Children from Degraaf Street (part 6)  
**ARABIC LANGUAGE PROGRAMMES**  
18.30 News roundup  
18.35 Ramadan Guide  
19.00 Sports  
19.30 News  
**HEBREW PROGRAMMES** resume at  
19.00 with a news roundup  
20.02 Al-Nahar — music quiz  
21.00 Mabat Newsrel  
21.35 Executive Street. British comedy series starring Penelope Keith and Geoffrey Palmer  
22.05 This is the Time  
22.55 Miami Vice. American police detective series starring Don Johnson and Philip Michael Thomas  
23.40 News

**JORDAN TV** (unofficial)  
17.30 Cartoons 18.00 French Hour 19.30 News in Hebrew  
20.00 News in Arabic 20.30 Ever Decreasing Circle 21.10 Moonlighting 22.00 News in English 22.20 Fier stood the Wind/France

**MIDDLE EAST TV**  
13.30 Another Life 14.00 700 Club 14.30 Shape-Up 15.00 Afternoon Movie: The Painted Desert 16.30 Muppet Babies 17.00 Super Show 17.30 Froggie Frog 18.00 Happy Days 18.30 Lawrence & Shirley 19.00 News 20.00 Megram P.I. 21.00 NBA Playoffs 23.00 700 Club

**RADIO**

**VOICE OF MUSIC**  
6.02 Morning Melodies 7.09 Zelenka: Sinfonia in A minor; Tchaikovsky: Violin Concerto (Stern); National Symphony/Restorovsky; Dvorak: Symphony No. 8 (Philharmonia/Davies); 9.00 Mozart: Serenade K.245; "Haffner" (St. Martin/Marriner); Schubert: Sonata for Violin and Piano; Brahms: Concerto for 2 Pianos and Orchestra; Smetana: Symphonic Poems, "My Fatherland" (Bavarian Radio/Kubelik); 12.00 Radiojournal: Variations on a Theme by Corelli; Beethoven: Quartet Op. 135; 13.05 Mozart: Divertimento K.135 (L. Muselli); Haydn: Violin Concerto (Accardo, English Chamber); Beethoven: Piano Quintet; Mendelssohn: Violin Concerto; Goldmark: "In Spring" Overture 15.00 Wozzeck of Berg (Irspehl); 16.00 Israeli Philharmonic Orchestra under Meir Harel with Hilal Zari, cello, Benny Kohn, percussion — Mahayana: Concerto for Percussion and Wind Instruments; Shostakovich: Cello Concerto; Tchaikovsky: Symphony No. 5 18.00 "Emphasis on the Performance" 19.00 Wind Instruments Orchestras — Works by Vaughan Williams, Milhaud, Rimsky, Winter, Hindemith and Williams. 20.05 Musical Medley

**CINEMA PERFORMANCES**

**JERUSALEM**  
Belt Agreen: The Lady and the Tramp 4; Some Like It Hot 5.45; Rumble Fish 8; Zorba the Greek 9.30; Cinema Paradiso: Heloise 4.30; 7.30; 9.30; Sunrise 5; Man of Iron 8; Edens: Brighton Beach Memoirs 4.30; 7.30; 9.30; Edens: Over the Top 4.30; 7.30; 9.30; Heloise: The Plumber 5.15; 7.15; 9.15; Kiffer: The Name of the Rose 4.30; 7.30; 9.30; Mitchell: Children of a Lesser God 7.15; 9.30; Oryon: Tin Men 4.30; 7.15; 9.15; Oryon: The Fourth Protocol 4.30; 7.15; 9.15; Oryon: The Name of the Rose 4.30; 7.15; 9.15; The Class 11.15 p.m.; Oryon: Dr. Jekyll; Jack Flash 4.30; 7.15; 9.15; Bachelor Party 11.15 p.m.; Oryon: Dr. Jekyll; 7.15; 9.15; Gullug 11.15 p.m.; Oryon: Little Shop of Horrors 4.30; 7.15; 9.15; Sunset: Round Midnight 4.30; 7.15; 9.15; Sunset: Platoon 7.15; 9.15.

**TEL AVIV**  
Belt Agreen: Fearless Vampire Killers 11.15 p.m.; Sam Yehuda: Brighton Beach Memoirs 5.15; 7.15; 9.15; Cinema 1: Tin Men 5.15; 7.15; 9.15; Cinema 2: Crimes of the Heart 5.15; 7.15; 9.15; Cinema 3: Soul Men 5.15; 7.15; 9.15; Cinema 4: Sunset 5.15; 7.15; 9.15; Cinema 5: Sunset 5.15; 7.15; 9.15; Cinema 6: Sunset 5.15; 7.15; 9.15; Cinema 7: Sunset 5.15; 7.15; 9.15; Cinema 8: Sunset 5.15; 7.15; 9.15; Cinema 9: Sunset 5.15; 7.15; 9.15; Cinema 10: Sunset 5.15; 7.15; 9.15; Cinema 11: Sunset 5.15; 7.15; 9.15; Cinema 12: Sunset 5.15; 7.15; 9.15; Cinema 13: Sunset 5.15; 7.15; 9.15; Cinema 14: Sunset 5.15; 7.15; 9.15; Cinema 15: Sunset 5.15; 7.15; 9.15; Cinema 16: Sunset 5.15; 7.15; 9.15; Cinema 17: Sunset 5.15; 7.15; 9.15; Cinema 18: Sunset 5.15; 7.15; 9.15; Cinema 19: Sunset 5.15; 7.15; 9.15; Cinema 20: Sunset 5.15; 7.15; 9.15; Cinema 21: Sunset 5.15; 7.15; 9.15; Cinema 22: Sunset 5.15; 7.15; 9.15; Cinema 23: Sunset 5.15; 7.15; 9.15; Cinema 24: Sunset 5.15; 7.15; 9.15; Cinema 25: Sunset 5.15; 7.15; 9.15; Cinema 26: Sunset 5.15; 7.15; 9.15; Cinema 27: Sunset 5.15; 7.15; 9.15; Cinema 28: Sunset 5.15; 7.15; 9.15; Cinema 29: Sunset 5.15; 7.15; 9.15; Cinema 30: Sunset 5.15; 7.15; 9.15; Cinema 31: Sunset 5.15; 7.15; 9.15; Cinema 32: Sunset 5.15; 7.15; 9.15; Cinema 33: Sunset 5.15; 7.15; 9.15; Cinema 34: Sunset 5.15; 7.15; 9.15; Cinema 35: Sunset 5.15; 7.15; 9.15; Cinema 36: Sunset 5.15; 7.15; 9.15; Cinema 37: Sunset 5.15; 7.15; 9.15; Cinema 38: Sunset 5.15; 7.15; 9.15; Cinema 39: Sunset 5.15; 7.15; 9.15; Cinema 40: Sunset 5.15; 7.15; 9.15; Cinema 41: Sunset 5.15; 7.15; 9.15; Cinema 42: Sunset 5.15; 7.15; 9.15; Cinema 43: Sunset 5.15; 7.15; 9.15; Cinema 44: Sunset 5.15; 7.15; 9.15; Cinema 45: Sunset 5.15; 7.15; 9.15; Cinema 46: Sunset 5.15; 7.15; 9.15; Cinema 47: Sunset 5.15; 7.15; 9.15; Cinema 48: Sunset 5.15; 7.15; 9.15; Cinema 49: Sunset 5.15; 7.15; 9.15; Cinema 50: Sunset 5.15; 7.15; 9.15; Cinema 51: Sunset 5.15; 7.15; 9.15; Cinema 52: Sunset 5.15; 7.15; 9.15; Cinema 53: Sunset 5.15; 7.15; 9.15; Cinema 54: Sunset 5.15; 7.15; 9.15; Cinema 55: Sunset 5.15; 7.15; 9.15; Cinema 56: Sunset 5.15; 7.15; 9.15; Cinema 57: Sunset 5.15; 7.15; 9.15; Cinema 58: Sunset 5.15; 7.15; 9.15; Cinema 59: Sunset 5.15; 7.15; 9.15; Cinema 60: Sunset 5.15; 7.15; 9.15; Cinema 61: Sunset 5.15; 7.15; 9.15; Cinema 62: Sunset 5.15; 7.15; 9.15; Cinema 63: Sunset 5.15; 7.15; 9.15; Cinema 64: Sunset 5.15; 7.15; 9.15; Cinema 65: Sunset 5.15; 7.15; 9.15; Cinema 66: Sunset 5.15; 7.15; 9.15; Cinema 67: Sunset 5.15; 7.15; 9.15; Cinema 68: Sunset 5.15; 7.15; 9.15; Cinema 69: Sunset 5.15; 7.15; 9.15; Cinema 70: Sunset 5.15; 7.15; 9.15; Cinema 71: Sunset 5.15; 7.15; 9.15; Cinema 72: Sunset 5.15; 7.15; 9.15; Cinema 73: Sunset 5.15; 7.15; 9.15; Cinema 74: Sunset 5.15; 7.15; 9.15; Cinema 75: Sunset 5.15; 7.15; 9.15; Cinema 76: Sunset 5.15; 7.15; 9.15; Cinema 77: Sunset 5.15; 7.15; 9.15; Cinema 78: Sunset 5.15; 7.15; 9.15; Cinema 79: Sunset 5.15; 7.15; 9.15; Cinema 80: Sunset 5.15; 7.15; 9.15; Cinema 81: Sunset 5.15; 7.15; 9.15; Cinema 82: Sunset 5.15; 7.15; 9.15; Cinema 83: Sunset 5.15; 7.15; 9.15; Cinema 84: Sunset 5.15; 7.15; 9.15; Cinema 85: Sunset 5.15; 7.15; 9.15; Cinema 86: Sunset 5.15; 7.15; 9.15; Cinema 87: Sunset 5.15; 7.15; 9.15; Cinema 88: Sunset 5.15; 7.15; 9.15; Cinema 89: Sunset 5.15; 7.15; 9.15; Cinema 90: Sunset 5.15; 7.15; 9.15; Cinema 91: Sunset 5.15; 7.15; 9.15; Cinema 92: Sunset 5.15; 7.15; 9.15; Cinema 93: Sunset 5.15; 7.15; 9.15; Cinema 94: Sunset 5.15; 7.15; 9.15; Cinema 95: Sunset 5.15; 7.15; 9.15; Cinema 96: Sunset 5.15; 7.15; 9.15; Cinema 97: Sunset 5.15; 7.15; 9.15; Cinema 98: Sunset 5.15; 7.15; 9.15; Cinema 99: Sunset 5.15; 7.15; 9.15; Cinema 100: Sunset 5.15; 7.15; 9.15; Cinema 101: Sunset 5.15; 7.15; 9.15; Cinema 102: Sunset 5.15; 7.15; 9.15; Cinema 103: Sunset 5.15; 7.15; 9.15; Cinema 104: Sunset 5.15; 7.15; 9.15; Cinema 105: Sunset 5.15; 7.15; 9.15; Cinema 106: Sunset 5.15; 7.15; 9.15; Cinema 107: Sunset 5.15; 7.15; 9.15; Cinema 108: Sunset 5.15; 7.15; 9.15; Cinema 109: Sunset 5.15; 7.15; 9.15; Cinema 110: Sunset 5.15; 7.15; 9.15; Cinema 111: Sunset 5.15; 7.15; 9.15; Cinema 112: Sunset 5.15; 7.15; 9.15; Cinema 113: Sunset 5.15; 7.15; 9.15; Cinema 114: Sunset 5.15; 7.15; 9.15; Cinema 115: Sunset 5.15; 7.15; 9.15; Cinema 116: Sunset 5.15; 7.15; 9.15; Cinema



# Blood And Oil

## Gulf Attack Challenges Global Role Of U.S. Navy

By JOHN H. CUSHMAN JR.

**T**HE two missiles fired by an Iraqi pilot last Sunday spread havoc far beyond the fiery destruction aboard the United States frigate *Stark*, where 37 crew members were killed. Also severely damaged in the attack were longstanding assumptions about the American Navy's global responsibilities and capabilities and about the Reagan Administration's military plans for the Persian Gulf region.

Not since the terrorist bombing that killed 241 marines at Beirut airport four years ago have so many questions been raised about the Administration's vision of the country as a superpower willing and able to use military force in an unruly world. The Navy has scored successes, notably the raid on Libya, and has suffered embarrassments, such as losing aircraft to Syrian gunners. But even before the attack on the *Stark* was fully explained, the consequences of this latest incident began to take shape.

By Friday, when President Reagan spoke at a memorial service in Florida, where the *Stark* left port two months ago to join the task force escorting American merchant vessels in the Gulf, several aspects of his foreign policy had come under fire. Mr. Reagan said the American naval presence was essential to guard "a crossroads for three continents and the starting place for the oil that is the lifeblood of much of the world economy." If a hostile nation ever dominated "this strategic region and its resources," he added, "it would become a choke point" threatening the freedom of Western nations. The Japanese and Western European economies are heavily dependent on oil from the Gulf countries.

Nevertheless, an Administration proposal to sell fighter planes to Saudi Arabia was under assault in Congress. So was a carefully negotiated plan to extend naval protection to 11 Kuwaiti ships that carry oil from the war zone at the north end of the Gulf, where Iran and Iraq have been attacking merchant ships. Lawmakers were demanding more influence over naval deployments in the Gulf, citing the War Powers Act, which the Administration has declined to invoke. And relations with Iraq, on the mend since the damaging disclosures of covert American arms sales to Iran, were again sorely strained, despite Iraq's apology for the attack, its acceptance of "the principle" of financial compensation and its promise of cooperation in investigating the episode.

At first, the Administration characterized the attack as "inadvertent." Later, however, Defense Secretary Caspar W. Weinberger called it "indiscriminate" because the Iraqi pilot, who fired his Exocet missiles from a distance of about 12 miles, had disregarded radio signals that identified the *Stark* as an American warship.

The Reagan Administration warned after the attack

that its rules for operations in the Gulf had been changed. Henceforth the Navy would shoot first and ask questions later if combat aircraft from Iran or Iraq approached in a threatening manner.

Questions were raised about the behavior of Capt. Glenn R. Brindel, commander of the frigate. Its sophisticated defenses did not warn of the attack in time to defend against the incoming missiles. But the Pentagon explanation of the ship's vulnerability centered on the difficulty of protecting warships sailing into murky conditions of neither war nor peace.

The very presence of the Navy in the Gulf became an issue. "It is time to rethink just exactly what we are doing in the Persian Gulf," said Senator Bob Dole, the Republican leader, a candidate for President and a chief Administration ally. "What are our goals? What is our strategy? What are the risks? And how much cost are we willing to pay?"

Some Senators suggested that other nations with vital interests in the Gulf were doing too little to enforce shipping rights. "The U.S. should not be expected to carry the lion's share of the burden of security arrangements in the Gulf," said Robert C. Byrd, the Senate Democratic leader. "Our allies and friends in Europe and in the Persian Gulf area all have a stake in peacekeeping arrangements."

### A Saudi Dimension

In an episode that was embarrassing for the Administration, two Saudi pilots flying American jets were reportedly unable to obtain their Government's permission to go after the Iraqi plane that struck the *Stark*. The Administration decided to put aside for now its plans to replenish the Saudi supply of F-15 fighter planes. A Saudi firefighting ship did, however, speed to aid the *Stark*.

In a rare show of unity, Senators Dole and Byrd co-sponsored a measure calling on the Administration to explain the rules of engagement for entering conflicts and define "cooperative" air cover and other security ar-

rangements before allowing Kuwait's oil tankers to fly American flags and ply the northern Gulf under Navy escort. For months Kuwait and the United States have been negotiating such an arrangement. But John F. Lehman Jr., who retired last month as Secretary of the Navy, opposed the guarantee for tankers serving Kuwait, calling for a regional security force. "I think the basic, real issue is not a tactical or a military issue but a political one," he said. "Why are we there alone?" Mr. Weinberger suggested joint air and sea patrols with France, Britain or Saudi Arabia, but diplomats in Washington said those

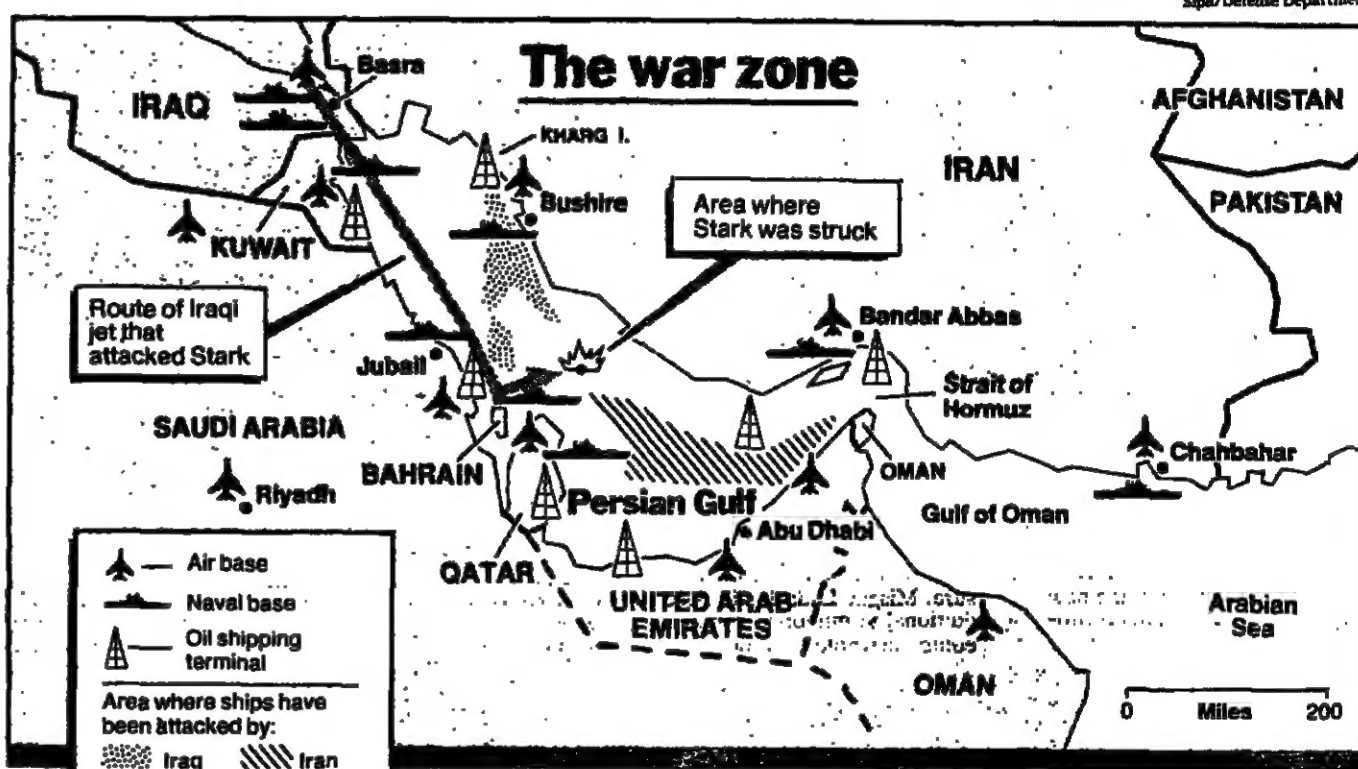
countries appeared to have little enthusiasm for the idea.

Administration officials argued that if the United States did not shoulder the burden of protecting ships in the Gulf, the Soviet Union would step into the resulting void. Moscow has already agreed to take some Kuwaiti vessels under escort. As the President indicated, the Administration has sought to cast the issue as one of moral responsibility, the obligation of a superpower to make sacrifices, even at the cost of lives, in defense of its geopolitical interests and principles. Freedom of passage in the Gulf was portrayed as meeting both criteria.



The frigate *Stark*, aflame and listing in the Persian Gulf, after attack by Iraqi plane.

Spa/Defense Department



### Gorbachev's Gains: Diplomacy Widens Influence

## Moscow Seeking to Exploit U.S. Difficulties in Middle East

By BILL KELLER

**A** BENCHMARK event emphasized the new realities in the Middle East last Sunday when the Israeli Foreign Minister met secretly with the Soviet Ambassador in Washington to solicit the Kremlin's thinking on the Arab-Israeli peace process.

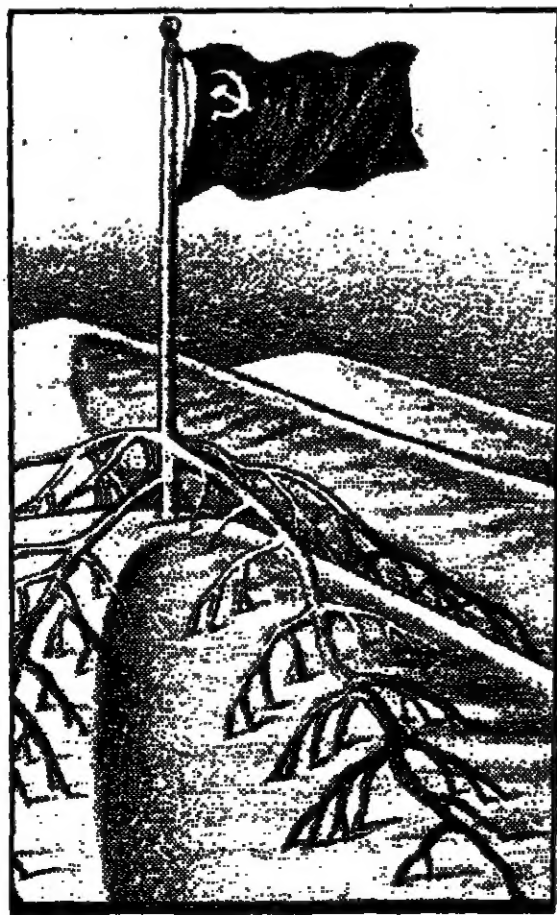
It seems the days are past when the peace process was an exclusive American franchise, and Moscow was shunned as the perennial spoiler. Whether the United States and Israel like it or not — and they mostly do not — Moscow now sits at the grown-ups' table, and is treated with increasing hospitality.

This remarkable turnaround is partly due to a new Soviet diplomatic dexterity under Soviet leader Mikhail S. Gorbachev. But what the Soviet Union is doing in the Middle East is made easier by what the United States is not doing.

Each of Moscow's recent Middle East gains, from an increased Soviet naval presence in the Persian Gulf to enhanced Soviet stature in the Arab-Israeli peacemaking process, has been achieved by exploiting American difficulties or indecision.

Since Mr. Gorbachev came to power two years ago, and especially in the last few months, the Soviet bid for increased influence has touched almost every country in the region. Moscow has courted moderate Arab states, from Egypt and Jordan to Saudi Arabia and Kuwait, and restored diplomatic relations with Oman and the United Arab Emirates. It has agreed to carry Kuwaiti oil through the perilous straits of Hormuz by Soviet flagships, and to appease OPEC by cutting Soviet oil exports.

The Soviet inroads with moderate Arabs could widen dramatically if the Russians withdraw their 115,000 troops from Afghanistan. As long as the Russians continue their occupation of that Moslem country, said one Mideast diplomat, "there's always that feel-



David Goodard

ing, are they really serious about a constructive role?"

Soviet diplomats brokered a reunion of the fractured Palestine Liberation Organization, and have urged conciliation among other Arabs, including such bitter enemies as Presidents Hafez al-Assad of Syria and Saddam Hussein of Iraq. The Russians have managed to keep lines open to both sides in the Iran-Iraq war. They have remained cool

even as Soviet ships have been caught in the crossfire.

Most striking, Mr. Gorbachev has indicated an apparently genuine interest in moving toward diplomatic relations with Israel.

"The absence of such relations cannot be considered normal," he said last month, in a dinner speech that must have given mild twitches to the guest of honor, Mr. Assad. Israel has the right to a "secure existence," Mr. Gorbachev said, adding that military force in the region "has become completely discredited."

The condition for resuming relations with Israel, he said, is a peace, settlement, in which the Soviet Union is more than eager to play a role. Toward that end, the Russians have pushed for an international conference of the five permanent members of the United Nations Security Council, which would provide diplomatic cover for face-to-face negotiations between Israel and its neighbors. The major powers would play some unspecified role, possibly as guarantors of the peace after a treaty.

### Israel Deadlock

The reality of such a conference seems distant at best. Israel, after opposing the idea for years on the ground that it would legitimize a Soviet role in the region, is now internally deadlocked over the idea. Foreign Minister Shimon Peres, who is willing on certain conditions, cannot overcome opponents, led by Prime Minister Yitzhak Shamir, in his own Government.

Even if the Israelis agree in principle, there remains the perennially knotty question of who will speak for the Palestinians. (The P.L.O. position, page 3).

But for the Soviet Union, the conference proposal has paid generous dividends. Even countries that do not fully trust Mr. Gorba-

chev's smile — Egypt, for example — say there is no way to get or guarantee peace without Soviet participation. Mr. Peres seems reluctantly inclined to think so, as well.

In the eyes of moderate Arab states, Moscow has shown a new willingness to nudge its reluctant clients, Syria and the P.L.O., in the direction of the bargaining table. Some believe Soviet leaders intended the reunification of the P.L.O. as a positive step, the argument being that the P.L.O. leader, Yasir Arafat, could not compromise on talks with Israel while his leadership was challenged from within.

By contrast, the United States seems ambivalent, expressing general interest in a conference but leery of pushing Israel to resolve its internal divisions.

"The Soviets have made substantive gains on the peacemaking process," conceded one American official. "It's not clear we could af-

fect the outcome in Israel, but we give the impression of not even trying."

Several diplomats friendly toward the United States here said the American performance in the Middle East has been dispirited since the October 1983 bombing of the American Marine barracks in Lebanon, which killed 241 men. More recently, they say, the Iran-contra scandal has further sapped American energy and nerve.

Moderate Arab states were doubly upset — first by news of the secret arms shipments to Iran, nobody's favorite neighbor, and second by the paralysis that overcame the Reagan Administration during the post-mortems. In Jordan and Saudi Arabia, receptiveness to Soviet overtures may have been increased, too, by the Administration's inability to win Congressional approval for new weapons sales.

### Concerns About Syria

Mr. Gorbachev has moved quickly to fill the political void.

What does he want there? The Russians say what they seek is not a new sphere of influence, but a partnership with the United States in pursuing peace and stability in the region. Middle East conflict is a threat to Moscow's southern flank and a drain on its arms export budget.

Israelis and Americans remain suspicious of the Russians' professed constructive intentions, given their long history of mischief-making in the region. They doubt that the reunited P.L.O. will be anything but trouble. And, an American official added, "Getting the Syrians to attend a conference is not the same as getting them to agree to be reasonable."

"Could the Soviet Union be a constructive presence?" asked Secretary of State George P. Shultz last week in a speech to the American Israel Public Affairs Committee.

"Yes, it could be, and there have been some interesting developments recently," he said. "But are they now a constructive presence? No."

Iran-contra affair:  
Why these  
hearings  
aren't like  
Watergate

4



# The World

## Citicorp Allots \$3 Billion to Cover Third World Debts

For the first time, a big American bank has acknowledged what many people thought was obvious: that some developing countries are not going to pay back all the money they owe.

Citicorp, the nation's largest banking company, said last week it would take \$3 billion, enough to cover a fifth of its loans to financially ailing countries, from its earnings and set it aside as a protection against shaky loans. "These problems are going to be with us until the 1990's," said John S. Reed, Citicorp's chairman and chief executive. Because of the decision, the company will report a \$2.5 billion loss in the second quarter, the second-largest deficit ever for a United States corporation.

The unilateral move puts pressure on other banks to boost their loan-loss reserves, a commitment that some companies, such as the troubled BankAmerica, will be hard-pressed to make. And, by admitting that some loans probably will not be repaid, the action undercuts the justification for new lending, a strategy promoted by Treasury Secretary James A. Baker 3d to encourage economic restructuring and growth in the third world.

Despite the huge loss, the markets reacted enthusiastically and Citicorp's stock gained four points last week. The markets are now waiting



Associated Press

John S. Reed announcing that Citicorp will add \$3 billion to its loan-loss reserves.

to see what the other banks will do. Many analysts praised Citicorp's move, calling it a farsighted step toward a solution to the debt crisis.

It is unclear how the move will affect further negotiations with the debtor countries. Some believe Citicorp's tough stance will encourage these countries to make greater attempts to pay while others are predicting the opposite will happen. There will be some indication next month when Citicorp is scheduled to hold talks with Brazil, its largest foreign debtor. In February, Brazil suspended payments on more than half of the \$108 billion it owes foreign banks and governments. Citicorp is also the largest bank lender in Mexico, whose total foreign debt to banks and governments is \$100 billion.

## Blocking an Envoy To Mozambique

Mozambique calls itself a "people's republic" but with civil war and famine threatening the lives of an estimated one-third of the country's 13 million people, the former Portuguese colony has warmed to the West in recent years. Hoping to encourage moderate political tendencies in southern Africa, Britain and the United States have sent economic aid to Mozambique's Government. Last week, however, some Republican Senators called on the Reagan Administration to switch sides and recognize a Mozambique insurgency, the National Resistance Movement, or Renamo. The rebels are quietly supported by Mozambique's neighbor, South Africa.

Conservatives such as Senator Jesse Helms, the North Carolina Republican, strongly opposed sanctions against South Africa that protest

that country's racial laws. Now they have held up Senate confirmation of Melissa Wells, the Administration's nominee as Ambassador to Mozambique. Mr. Helms has frequently forced similar delays to make ideological points, although the appointments have usually been confirmed in the end.

The State Department stuck to its support of Mrs. Wells, however. Secretary of State George P. Shultz assured a visiting Mozambican Cabinet minister, Lieut. Gen. Armando Guebuza, that President Reagan has no intention of supporting the insurgents. Mr. Helms succeeded in pushing through an earlier Senate vote to deny economic aid to Mozambique. This time he has been joined by a powerful ally — Senator Bob Dole of Kansas, the minority leader and a candidate for the Republican Presidential nomination. Mr. Dole called on the State Department to redirect food aid through Renamo.

Administration officials suggested that Mr. Dole hoped to strengthen his credentials with conservative Republican fund-raisers who have portrayed Renamo rebels as "freedom fighters" seeking to topple a "Communist regime."

## After the Coup, Fijians Cut a Deal

After hard bargaining last week, descendants of the early Melanesian inhabitants of Fiji came up with a deal that was intended to send the army of the Pacific island country back to the barracks. However, Lieut. Col. Sitiveni Rabuka, who led a bloodless coup on May 14, retained important authority in an interim Government led by the Governor General and nominal head of state, Ratu Sir Penia.

Yesterday, Fijian troops patrolled Suva, the capital, and shops reopened as calm returned after clashes last week between the country's main ethnic groups, Fijians and Indians.

What political rights will remain for third-generation ethnic Indians, who have prospered as shopkeepers and now slightly outnumber the original islanders, was in doubt.

Soldiers stormed into Parliament May 14 and ousted Prime Minister Timoci Bavadra, an ethnic Indian, only four weeks after his party won elections and seemingly ended 17 years of ethnic Fijian rule in the nation of 715,000 people.

A Fijian-dominated council will assist the Governor General until new elections are held. An army spokesman said Colonel Rabuka would direct police and security forces and head a committee to draft a new constitution.

Changes in the Constitution may encounter obstacles. The Chief Justice, Timoci Tuivaga, said amendments must be approved by a two-thirds vote in Parliament, where, if legalities are observed, they could be blocked by ethnic Indians.

## Zimbabwe Rebels Kill White Farmers

Since 1982, rebels in Zimbabwe have been carrying out a campaign of sporadic violence to protest the treatment by Prime Minister Robert Mugabe's Government of Joshua Nkomo, the opposition leader, and actions directed against his Zimbabwe People's Union and the country's Ndebele minority, which largely supports Mr. Nkomo. Zimbabwe's wealthy white farmers have been targets and 40 of them or their family members have been killed. Less than 1 percent of the population of 8.5 million is white in the country that was Rhodesia, ruled by whites until its independence in 1980.

For the last year, there had been a lull in rebel violence. But in recent weeks, the killing of whites seemed to accelerate. On May 9, an armed gang opened fire on men playing darts at a club, killing four of them.

Last week, a gang grabbed a dairy farmer making deliveries, and shot him in front of his wife. Diplomats said the renewed violence might be the result of the breakdown of talks on a political settlement between the country's two principal ethnic groups, the Shona (80 percent) and the Ndebele (19 percent).

Milt Freudzenheim,  
James F. Clarity  
and Katherine Roberts

## Verbatim: A Memory

'This monster in the guise of a man had a mocking, sarcastic smile that you can never forget. And nobody could ever forget those eyes, those rat's eyes with no mercy in them.'

Michel Thomas  
World War II prisoner,  
describing Klaus Barbie rounding up Jews in 1943, at the Nazi trial in Lyons, France.

## Any Change in Political System Will Be on Botha's Terms

# With Talk of 'Goodwill,' Pretoria Cracks Down

By JOHN D. BATTERSBY

**P**RESIDENT P. W. Botha spoke to Parliament last week about "broadening democracy" and "negotiating in a spirit of goodwill." But he made clear to South Africa's black majority that current repressive laws would continue while the Government waits for nonwhite leaders to accept its terms on modifying the country's race-determined political system.

The bombs that killed four white policemen and injured 19 people outside a Johannesburg courthouse Wednesday may have played into the hands of the Government, rallying public opinion against politically inspired violence. The outlawed African National Congress and the Pan African Congress, the two main guerrilla-backed groups fighting apartheid, did not take responsibility for the bombings. But experts noted that attacking the police is in line with A.N.C. policy.

The Police Commissioner, Gen. Johan Coetzee, ridiculed the sabotage campaign as "one of the most dismal failures in the world." He added that, in a war of attrition, "the who lasts longest finally wins."

The Government added to the list of repressive actions taken since its strong showing in the May 6 election for the dominant white chamber of Parliament. Mr. Botha indicated that the Government still intended to confer "independence" on the black homeland of KwaNdebele, where opponents of that proposal have been intimidated and detained. Legal authorities are investigating charges linking the homeland's Chief Minister and prospective president, George Mahlangu, with torture and abduction.

South Africa's Deputy Information Minister, Stoffel J. Van der Merwe, said the Government would reinstate the emergency censorship system overturned by the Natal Supreme Court on April 24, even if it loses an appeal against the decision.

And the police raided apartments in the nomi-



Police cordoning off a street outside Johannesburg courthouse after bomb explosions last week.

nally white Johannesburg suburb of Hillbrow, where 20,000 blacks live in defiance of residential segregation. The police denied that the raid was connected with recent nationwide moves against people ignoring residential apartheid laws. But policemen kicked in doors and arrested an unspecified number of residents under the emergency regulations, residents said. The apartments are owned by the big South African mining conglomerate, Anglo American Corporation, which has settled its black employees in posh white suburbs in defiance of the law.

In the black township of Soweto, meanwhile, the Government-approved town council threatened to evict anti-apartheid leaders unless they halt a 11-month-old rent boycott. Those threatened include Winnie Mandela, wife of the jailed African National Congress leader, Nelson R. Mandela; Mrs. Albertina Sisulu, a leader of the United Democratic Front, and Dr. Nhato Motlana and Dr. Ellen Kuzwayo, community leaders.

Government officials said rule by emergency decree would continue as long as the revolutionary climate persisted — meaning "indefinitely," some thought. Mr. Botha signaled a new crack-down against nonparliamentary opposition groups, and the foreign financial assistance that he says they receive; proponents of civil disobedience, and the liberal universities.

At the same time, he said, the Government will proceed with negotiations for a national council to discuss constitutional accommodations of the disenfranchised black majority. Mr. Frederick W. De Klerk, Mr. Botha's party leader in Parliament, said the Government was committed to end white domination but not to exchange it for black domination. He expressed the hope that the Zulu leader, Chief Gatsha Buthelezi, a leading moderate who has rejected the negotiations, would take part.

Hinting that he may take a more direct role in talks with blacks, Mr. Botha said the national council would discuss setting up a new council of state, described by officials as a super-Cabinet, in which black leaders would be included, although without parliamentary representation. The present segregated Parliament is dominated by whites, with separate houses with limited powers for mixed-race people and Indians, and no seats for the country's black majority.

But the terms for negotiations, as spelled out by Mr. Botha last week, have been rejected by black leaders regarded as credible. The terms include retention of the race classification laws as the basis for group-based politics.

Dr. Van der Merwe, the information aide, ruled out major changes in residential segregation laws before negotiations begin. "If we have to eliminate all these laws before a process of negotiation starts, then what is the point of negotiating at all?" he said. And the new official opposition in Parliament, Dr. Andries Treurnicht's right-wing Conservative Party, already seems to be applying the brakes to Mr. Botha's proposed refinements to apartheid.

What next? Perhaps a new cycle of increased repression, confrontation and violence in a classic example of polarization. A Western diplomat commented: "Why should Mr. Botha take the risk of more reform now? He has called the world's bluff on sanctions. He has routed the reformist opposition in the May 6 white election and he has shown that he has got the internal security situation under an iron grip. He has bought himself some time to get on with reform. Botha-style, which is very different from reform."

## 'Tomorrow, the Streets'

# Election Loss Jolts Philippine Leftists

By SETH MYDANS

**N**OBODY in the Philippines expected the leftist candidates to win big in their first attempt at electoral politics this month. But few people thought they would lose as badly as they did.

In the May 11 legislative vote, none of the seven candidates of the Alliance for New Politics won a place in the 24-seat Senate. And, with the vote count still under way, only one or two of its 107 candidates seemed likely to win one of the 200 elective seats in the House of Representatives.

The defeat was so overwhelming that the leftists are reassessing their participation in the mainstream of Philippine politics.

The Government of President Corazon C. Aquino, which swept to a huge majority in both houses, said the defeat of the alliance represented a rejection of the leftist agenda for social change.

But members of the alliance argued that the loss was an indictment not of their program, which includes land reform, nationalization of industry and the removal of American military bases, but of a political structure heavily weighted in favor of the rich and powerful.

## 'Not for Us'

"We expected to lose, but not by this much," said Fidel Agcaoili, campaign manager for the dominant leftist party in the alliance. "Many of us were jolted by the results and many of us also started to think, 'Maybe this game is not for us.'"

Indeed, as the election returns came in, the alliance's campaign volunteers, most of whom were more experienced in protest demonstrations than in electoral politics, chanted a new slogan: "Tomorrow, the streets!"

The participation of leftist candidates, some of them former members of the underground, began last year when Mrs. Aquino ordered the release of hundreds of political prisoners.

Mr. Agcaoili's party, the Partido ng Bayan, was created by former prisoners and other leftists in what was intended to be a complement to the underground battle. One of the new party's founders, Jose Maria Sison, who nearly two decades before had helped to establish the illegal Communist Party of the Philippines, said that the opportunity to bring a message to the voters was more important than winning seats in a legislature.

For its part, members of the Government hoped that the radical left would be tempted into the mainstream and away from the armed insurgency waged by the Communists.

But the alliance complained that its campaign was overwhelmed by the sheer power of well-financed and experienced politicians. "A rare opportunity to educate our people and involve them in the transformation of our society was reduced to a mere contest of personalities, patronage and machinery, both bureaucratic and military," the leftists said in a statement.



Bernabe Buscayno, right, founder of New People's Army, and other candidates of the leftist Alliance for New Politics, campaigning last month in Davao, the Philippines.

They complained of cheating among poll counters and of campaign violence, which they said included 27 deaths, 17 reports of harassment, 80 arrests of campaign workers, two bombings, an abduction and a police raid. Despite some reports of violence and fraud, the elections were by most local and foreign accounts the most orderly in many years.

The decision to participate in the electoral process created internal divisions among the leftists from the start. When Bernabe Buscayno, the founder of the insurgent New People's Army, chose to run for the Senate after his release from prison, rather than return underground, there was "a certain degree of disappointment" among his former comrades, Saturnino Ocampo, a Communist leader, said last week in a clandestine press conference with Western reporters outside Manila.

"I hope he can prove himself worthy of continuing to fight for the cause," Mr. Ocampo added. The Communist leader said he did "not altogether close the door" to parliamentary struggle. But, he contended, the results of the election "reaffirm for those who think that this is an option to armed struggle that they are wrong."

During the campaign, Mr. Buscayno said that

the fact that he had not rejoined the movement was a clear indication that he no longer subscribed to "armed struggle." But after the election he joined the criticism of how the vote was conducted. "I think there has been a deliberate attempt to marginalize the left, to show that it has no mass support," he said.

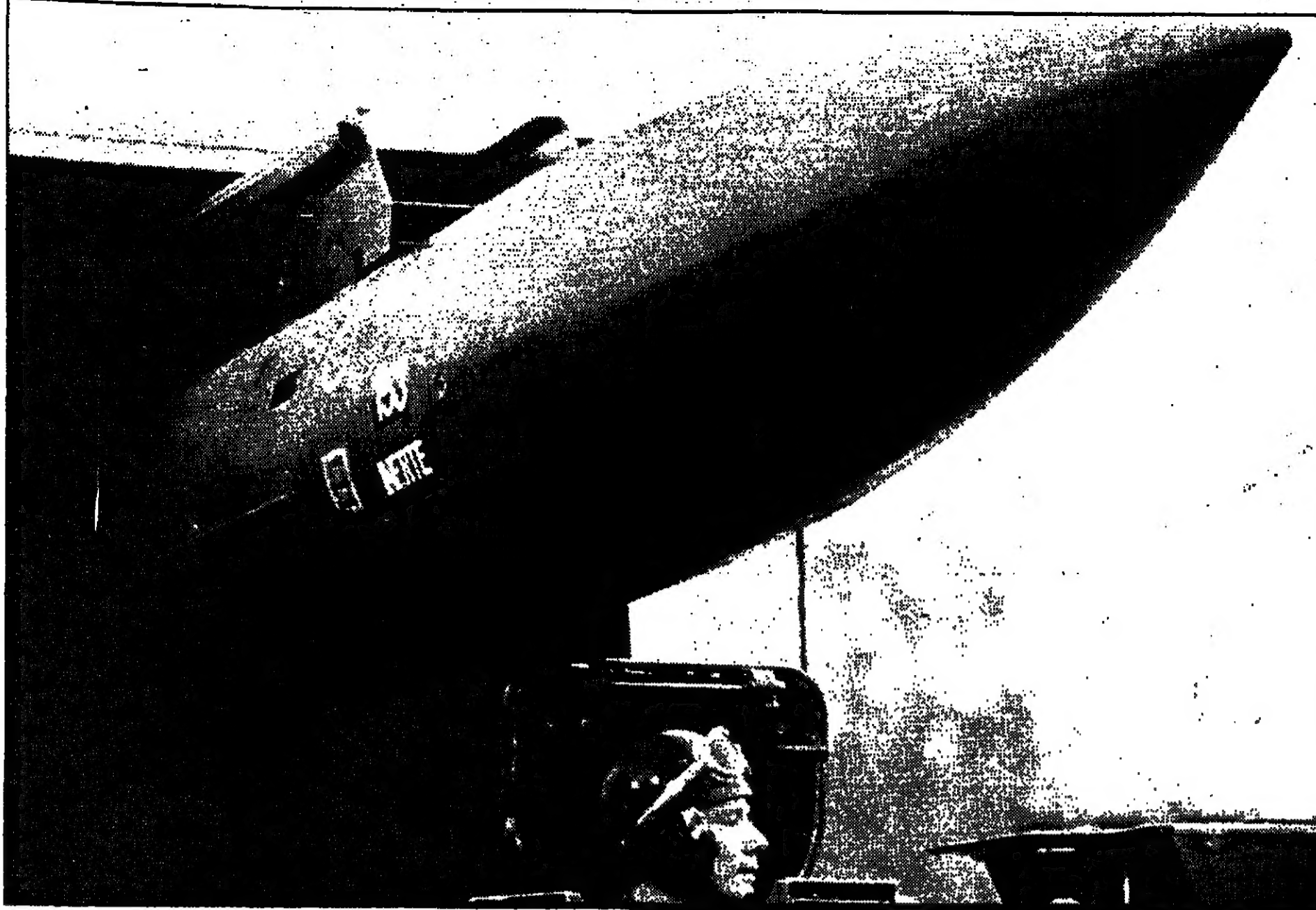
At the clandestine press conference, Antonio Zumel, another Communist leader, conceded that the election demonstrated a lack of support for his movement. He said the underground left would have to redouble its armed insurgency and propaganda to counter what he called the "illusion about the Aquino Government of earnestness and sincerity in carrying out reforms."

For two months last winter, Mr. Zumel and Mr. Ocampo moved freely about the country during a cease-fire in which they led failed negotiations with the Government. They seemed almost relieved last week to be back in the underground world of safe houses and disguises.

Carolina Malay, a Communist negotiator and Mr. Ocampo's wife, told reporters she enjoyed the underground life in which she said she was free to change her hair and name, all in the cause of revolution. "I just love some of my names," she said. "I'm sorry I can't tell them to you."



## Kremlin Twits Chirac as Lover of Atomic Bombs



The short-range Pluton missile, part of the independent French nuclear arsenal, joining in military maneuvers in eastern France.

Gamma-Liaison/Bernard Charton

## The Soviet Missile Strategy Makes the French Nervous

By PAUL LEWIS

**G**IVEN France's general coolness toward NATO, it is not usual for a French Prime Minister to suffer diplomatic abuse for something the Atlantic Alliance might do. But that is what happened to Prime Minister Jacques Chirac's visit to Moscow, which ended last weekend. Mr. Chirac was publicly upbraided for being the West's strongest critic of the Kremlin's plan to eliminate Soviet and American short- and medium-range nuclear missiles in Europe, even though France has no such missiles on its own soil and is not part of NATO's integrated military command.

"We do not understand Jacques Chirac's love for atomic bombs," the Soviet Foreign Ministry spokesman, Gennadi Gerasimov, said at the end of the visit, after confirming that the Franco-Soviet talks got nowhere on disarmament. The United States, Britain and most smaller European NATO members are now willing to accept the Soviet Union's proposal on certain conditions. West Germany and France remain reserved, but for different reasons.

West Germany's ruling coalition of Christian and Free Democrats is dithering because it faces a hard political choice. Accepting the Soviet plan would leave NATO more dependent on battlefield nuclear weapons that would only be used in Germany. But an agreement that was limited to medium-range missiles (1,000 to 3,100 miles), and allowed both sides shorter-range weapons (300 to 600 miles), could bring on a German domestic political battle over deployment of new short-range missiles in West Germany. They might be needed to match

the Warsaw Pact's superiority in this category.

France, and its missiles, are not covered by the Soviet proposal. Yet it appears that France is more worried by the proposal than any other NATO country. President François Mitterrand, the Socialist head of state, favors the Soviet plan for elimination of both missile categories, arguing, like West Germany's Free Democrats, that public opinion will not tolerate its rejection. But he holds that France's independent nuclear force must not be cut.

Prime Minister Chirac's conservative Government also knows it cannot stop an agreement and will eventually endorse whatever West Germany accepts. Last week, the Western allies moved toward a position that would modify the Soviet plan by permitting some shorter-range missiles to remain in Germany.

Whatever agreement is finally reached, France will remain convinced that the Soviet Union's real aim is what is darkly termed "the denuclearization of Europe," meaning the Kremlin will press France and Britain to cut their nuclear forces, too. "A nuclear Munich" is how Defense Minister André Giraud describes the Soviet proposal. If the Soviet leader, Mikhail S. Gorbachev, wanted genuine disarmament, Mr. Giraud argues, he would seek cuts in more costly long-range missile systems.

### Targeting Moscow

Like Britain, France has embarked on a major strengthening of its nuclear forces. Britain is buying the American-designed Trident missile system, which will increase the number of its warheads to 512 from 192, with enough range to hit Soviet cities. Britain's present nuclear weapons, like those of France, are not covered by

the Soviet proposal. Last month, France's opposition Socialists joined the Government in voting for a five-year program to raise the number of nuclear warheads France could fire against the Soviet Union to more than 900 in the 1990's, compared to 130 now.

Many officials believe withdrawal of shorter-range missiles from Europe would generate what François Heisbourg, the new director of the International Institute for Strategic Studies in London, calls "contagious pressure" for cuts in tactical nuclear systems, including France's Pluton and Hades missiles. Such fears reflect a profound French suspicion of nuclear disarmament that is rooted in modern French military history. Since the 1960's, when Charles de Gaulle made France an independent nuclear power, the country has enjoyed security and prestige, in contrast to an immediate past of military failure.

Conventional deterrence did not serve France well. The country has been invaded by the Germans three times since 1870. As an independent nuclear power, however, France has enjoyed one of the longest periods of peace in its history, as well as stable governments and independent diplomacy. Unlike most European countries, France has found that, domestically, nuclear weapons offer the least divisive way of assuring its defense. The political consensus in France in favor of the nuclear defense established by General de Gaulle still holds.

"Ultimately the fear is that nuclear disarmament will downgrade France's status in the world and end French exceptionalism," says Dominique Moïse, the deputy director of the French Institute for International Relations. But nuclear disarmament also carries diplomatic risks. And growing superpower pressure for disarmament is forcing France to think more about joint European defense. The Gaullist idea that France's nuclear forces would make it an untouchable sanctuary in time of war is giving way to a recognition that France's security depends on the defense of West Germany.

The "independence" of France's nuclear forces is also being eroded, with the Government discussing new missiles, joint submarine patrols and protection of nuclear bases with Britain. Mr. Heisbourg has even suggested France move troops into the West German front line if the United States cuts its forces there.

## Optimism on the Wane

## Troubles in India Erode Popularity Of Gandhi

By STEVEN R. WEISMAN

NEW DELHI

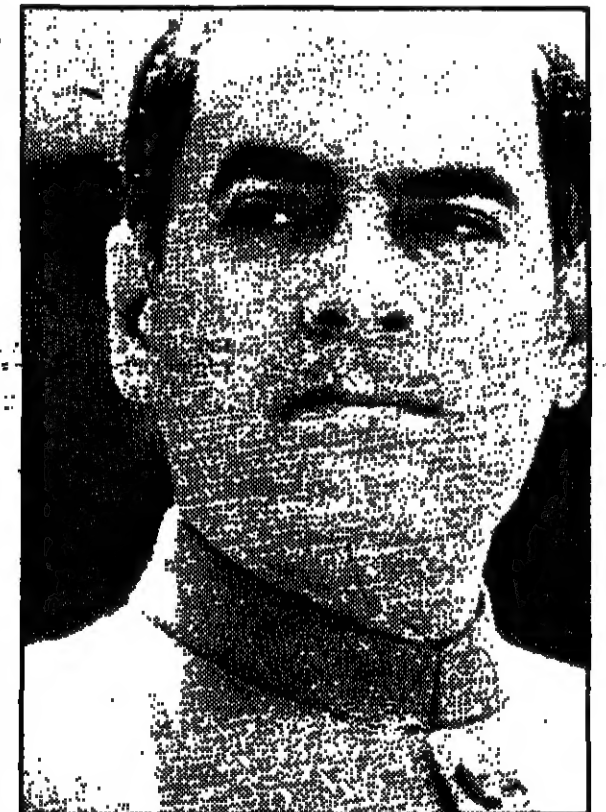
**T**wo years ago, at the height of his popularity, Prime Minister Rajiv Gandhi seemed to move effortlessly from triumph to triumph. But even then, skeptics noted that his leadership had yet to be tested by adversity. Today Mr. Gandhi faces such tests from many quarters.

Despite an 80 percent majority in Parliament, there is talk of his Government's falling or being dismissed by President Zail Singh, with whom he has been feuding for more than a year over whether Mr. Singh has been kept properly informed of Government policies by Mr. Gandhi. Accusations of bribery and cover-ups in foreign defense contracts have sullied Mr. Gandhi's reputation, although substantiating evidence is lacking.

Perhaps the biggest blow came this month: he reluctantly dismissed the moderate Sikh government of Punjab on the ground that it had been unable to contain terrorism by Sikh extremists. This reversed his proudest achievement, restoring democratic rule in India's most troubled state. The spirit of optimism and idealism that once attended the Prime Minister has been sapped. "The worst thing of all is this aura of failure surrounding him," an adviser said.

Mr. Gandhi's weaknesses were always evident to some analysts. His landslide victory in the December 1984 parliamentary election was largely based on a surge of sympathy after the assassination that October of his mother, Prime Minister Indira Gandhi. Yet even then his Congress Party, defeating disorganized and demoralized opponents, got only 49 percent of the vote.

Mr. Gandhi brought on many of his own difficulties. Thrust into office after the assassination, he presented himself as a symbol of generational change, dismissing or snubbing many of his mother's longtime associates,



Black Star/Scheyn Tait

Prime Minister Rajiv Gandhi

including President Singh, and lecturing his allies. The ruling Congress Party was still dominated, he said after a year, by "a feudal oligarchy" of corrupt influence peddlers. Recently, he was accused of high-handedness when he dressed down or dismissed several senior officials, including the Foreign Secretary, A. P. Venkateswaran.

Some of Mr. Gandhi's most widely praised policies also created liabilities. Attempts at accommodation with Moslem fundamentalists, moderate Sikhs, rebellious students and insurgents rankled intransigent party members. Critics felt vindicated when the party lost several state elections.

Meanwhile, the Finance Minister, V. P. Singh, was widely applauded, opinion surveys showed, for tax raids on leading industrialists, who were accused of fraud and other violations. But alarmed party regulars and businessmen counterattacked when Mr. Singh authorized an investigation of a Bombay textile company by an American detective agency that was found to have ties with a rival concern. Mr. Singh was moved to the Defense Ministry and after he announced investigations into kickbacks in military contracts, he was forced to resign.

Lately, Mr. Gandhi has tried to heal the party rifts. He welcomed back many of his mother's old advisers and revived her familiar warnings of "foreign forces," including the United States, trying to "destabilize" India. Washington was dismayed, but leftist politicians and most editorial writers rallied to support him in denouncing President Singh for talk of dismissing a Prime Minister who has a clear, if shaky, majority in Parliament.

The Prime Minister still has many assets. No serious rival or coherent program of alternative policies has emerged. No one challenges his tax cuts and regulatory curbs, his hard-line approach to Pakistan, or friendship with the Soviet Union, tempered by fitful attempts to improve ties with Washington. Few dispute India's record of recent economic growth.

If he can surmount two challenges this summer, supporters say, Mr. Gandhi will re-establish his leadership before the 1990 parliamentary elections. The first is next month's election in the northern state of Haryana, where many Hindus resent his concessions to Sikhs, although applauding the recent crackdown in neighboring Punjab. Even in defeat, his supporters say, he can probably prevent a party revolt. If so, he could withstand the second challenge, the presidential election in July. Defying Mr. Gandhi's wishes, President Singh has openly courted party dissidents in a bid to be re-elected by Parliament and the 24 state legislatures. Should the 71-year-old Mr. Singh, come close to winning, or try to dump Mr. Gandhi, a constitutional crisis would be likely, especially if the President tried to mobilize his supporters among Mr. Gandhi's critics inside and outside the Congress Party.

The Prime Minister's aides insist they can head off such a possibility. That they are working hard to combat it is a measure of the changed climate and mood in his camp. They cite Mr. Gandhi's remarks in March, when India's latest space rocket plunged into the ocean. "Failure is part of any mission of this magnitude," he said. "The main thing is not to lose heart. It is only when you stumble, you get up and walk better."

## Arafat Regains Control, but Problems Remain

## The P.L.O. Has Its Own Ideas for Peace Talks

By IHSAN A. HAJAZI

**T**HE Palestine Liberation Organization, now reunited under Yasir Arafat, is pressing for an Arab summit meeting to discuss strategy toward a proposed international conference on the Arab-Israeli conflict.

"The P.L.O. will take part in the peace conference if Arab states are able to unify their stand on the matter," Mr. Arafat said recently.

The P.L.O. and the Arab states directly involved in the Middle East problem are in agreement on the principle of convening a United Nations-sponsored forum, but they differ on important details. King Hussein of Jordan was reported to have reached agreement with Israeli Foreign Minister Shimon Peres on limiting the powers of an international conference and making it a prelude for direct negotiations between Israel and Arab countries.

But in Damascus, the state-controlled newspapers have indicated Syria will not allow the conference to be used as a cover for direct talks with Israel.

Most Arab governments are known to favor a joint P.L.O.-Jordanian delegation to the proposed conference, as envisioned by King Hussein and Mr. Peres, but the Palestine National Council, the P.L.O.'s parliament in exile, at its meeting in Algiers in April decided that the P.L.O. must be represented as a separate entity.

This is opposed by the United States and Israel, which insist that the P.L.O. may not be recognized until it recognizes Israel's right to exist in peace. Chedi Klibi, the Secretary General of the 22-nation Arab League, said last week he expected a meeting of Arab kings and presidents to convene before the end of this year to consider a common policy toward a general Middle East peace conference.

Mr. Arafat, the P.L.O. leader for 18 years, was driven out of his headquarters in Lebanon by the Israelis five years ago and later shaken by a sharp rift within his organization. Re-elected leader in Algiers, he has solved some of the organization's internal problems, but other serious challenges to the P.L.O. persist.

In Beirut last week, the Lebanese Parliament voted to abrogate the 18-year-old agreement under which the



Yasir Arafat was the center of attention at the P.L.O. meeting in Algiers last month.

Sipa/Catherine LeRoy

P.L.O. was allowed to maintain bases in Lebanon. P.L.O. fighters have been returning to Lebanon by the thousands in the last few years and have fought with Lebanese Moslem militias in Beirut and in southern Lebanon. The re-establishment of P.L.O. bases in the south as staging points for attacks on Israel has also provoked Israeli retaliatory attacks on Lebanon.

The P.L.O. policy affirmed at Algiers, insisting that the P.L.O. be represented as a separate entity at the proposed conference, sounds like a hardening of the Palestinian stance. But the fact that a united Palestinian Council has agreed to the principle of negotiations is an impor-

tant development in itself, representing a victory over hard-liners who advocate warfare and reject talks.

The Soviet Union, which was the first to propose the idea of a United Nations-sponsored international conference on the Middle East, played a major role in getting the dissident P.L.O. groups, both of them Marxist, to set aside their differences with Mr. Arafat.

President Hafez al-Assad made a three-day visit to Moscow last month. A joint communiqué issued later about his talks with the Soviet leader, Mikhail S. Gorbachev, described the Palestinian unity achieved at Algiers as a positive step.



# The Nation

## Philadelphia and Denver Winnow Mayoral Aspirants

W. Wilson Goode and Frank L. Rizzo will be opposing each other at the polls for the second time this fall, since Philadelphia gave them equally impressive primary victories last week.

Political analysts believe that Mayor Goode, who won 57 percent of the Democratic vote despite scathing criticism of his management of the city, will be able to galvanize support from blacks and white liberals — not least because of his opponent, Mr. Rizzo, whose eight years in office in the 1970's were marked by appeals to white ethnic pride and blacks' charges of police brutality, turned Republican a few months ago. Mr. Goode, on his way to becoming the city's first black mayor, had defeated Mr. Rizzo in the 1983 Democratic primary.

Mayor Goode's standing may still be hurt by a grand jury report, due out next month, on the 1985 bombing by the police of the radical sect MOVE. But Tuesday's returns seemed to indicate that Philadelphia is ready to put the bombing and subsequent fire behind them: Less than two weeks before the Mayor's primary victory, another grand jury accused his administration of "gross mismanagement and incompetence" in the rebuilding of the neighborhood.

In Denver, in another mayoral campaign where management and competence were issues, the incumbent, Federico Peña, came in second in an eight-way nonpartisan election but was close enough to force a runoff June 16. The Republican mayoral candidate, Don Bain, got 42 percent of the vote to Mr. Peña's 37 percent; if Mr. Bain wins the runoff, he will be the city's first Republican mayor in 28 years. Mr. Peña was its first Hispanic mayor.

## California Gives Boost to Methanol

California, which has led the country in requiring restrictive controls on automobile pollution, has taken another big step toward cleaning up its smoggy air. In what environmentalists hope will prove the impetus for a nationwide movement, state officials said last week that they would promote the replacement of gasoline with methanol, a form of alcohol that is abundant and less polluting.

California announced an agreement with Arco under which the company will sell methanol at 75 of its filling stations in the state. Chevron, another oil company, is considering a similar move.

In addition, the state will help pay for 5,000 methanol-powered vehicles for public and private fleets. The lower house of the California Legislature has already passed legislation that would require auto dealers to offer vehicles that use the fuel by the 1990's.

The Reagan Administration and members of Congress are also pressing for wider use of methanol and of ethanol, an alcohol made out of grain, as a way of reducing pollution and dependence on foreign sources of fuel. Natural gas and coal, both of which are in abundant supply, are among the sources of methanol.

## Senate Approves C.I.A. Director

There was a certain amount of carping about how William H. Webster and the Federal Bureau of Investigation should have dealt with the Iran-contra affair, and several Senators sought various promises from him. But in the end the Senate's approval of Mr. Webster as Director of Central Intelligence was, as expected, wholehearted.

The vote was 94 to 1, with Senator



William H. Webster

Harry Reid, Democrat of Nevada, casting the single "nay" vote because, he said, Mr. Webster had let the F.B.I. "run amok in Nevada." But the consensus was expressed by Senator David L. Boren, an Oklahoma Democrat, who called Mr. Webster "fully qualified in all respects to provide the leadership needed by the intelligence community at this critical time." The agency is under intense Congressional scrutiny for its involvement under its previous director, the late William J. Casey, in the sale of arms to Iran and diversion of the profits to Nicaraguan rebels.

In response to Senators' requests, in confirmation hearings and afterwards, Mr. Webster promised to keep Congress informed of the C.I.A.'s covert activities, to avoid politics, to resign if he strongly disagreed with a President over a covert operation, to have the F.B.I. investigate State Department employees in connection with security breaches at the United States Embassy in Moscow and to step up F.B.I. efforts to improve law enforcement on Indian reservations.

The Administration is still looking for someone to replace Mr. Webster as head of the F.B.I.

## Submarine Builder Faces No Charges

In the mid-1970's, the General Dynamics Corporation and other military shipbuilders claimed hundreds of millions of dollars in cost overruns, setting off Congressional investigations and repealed attempts at procurement reforms. Last week, after a second criminal investigation of whether General Dynamics had tried to defraud the Navy, the Justice Department decided for the second time that it had insufficient evidence to prosecute the company or its officials.

Victoria Toensing, a Deputy Assistant Attorney General, said investigators had examined over 45,000 documents and interviewed 120 witnesses. Nine career prosecutors, she said, concurred in the opinion not to prosecute, partly because they could not prove criminal intent.

The case was reopened in 1984 after P. Takis Veliotis, a former executive of the company's Electric Boat division in Groton, Conn., fled to his native Greece to escape prosecution on kickback and other charges. He began bargaining with the Government, using, as chips, surreptitious recordings of top company executives. He said the tapes would prove the old allegations and perhaps others as well. But Justice Department officials questioned whether the tapes were admissible as evidence. As for Mr. Veliotis himself, the officials believed that his credibility as a witness, given the charges against him, would have been very limited.

General Dynamics applauded the decision, saying that it was a "comfort" after a decade of "allegations, accusations, investigations and adverse publicity." Congressional critics of the company, including Senators William Proxmire, Democrat of Wisconsin, and Charles E. Grassley, Republican of Iowa, promised further inquiries.

## Help for Wedtech Became a Priority

It was 1982, and the Welbilt Electronic Die Corporation, with the help of a series of letters, telephone calls and meetings organized by White House aides, had overcome Army opposition and won a \$27.7 million contract to make small engines.

The "great brouhaha," an Army press spokesman acknowledged last week, had a side benefit for the South Bronx tool-and-die maker: It prompted an unusual letter from an Assistant Secretary of the Army to its contract monitors, instructing them "to take all possible actions to avoid unnecessary perturbations to the contractor's performance" and to give Welbilt, now Wedtech Corporation, "all appropriate support." Wedtech grew swiftly into a \$100-million-a-year company on the basis of this and other military contracts, awarded without bidding as part of a Government program to help minority-owned businesses.

Late last year, however, widening corruption investigations forced it into bankruptcy.

Connections between the White House and Wedtech are central to another inquiry, by a special prosecutor, James C. McKay. He is investigating Lyn Nofziger, a longtime political adviser to President Reagan who became a lobbyist in 1982, and Attorney General Edwin Meese 3d, who invested \$60,000 with a financial consultant working for Wedtech, and their actions on the corporation's behalf. Last week Mr. McKay said investigators were also checking whether Mr. Nofziger played a role in Fairchild Industries' efforts to persuade the Air Force to buy more A10 aircraft.

Martha A. Miles and Caroline Rand Herron

## The Committee's Criticism of President Reagan Is Muted

# Why Contra Hearings Aren't Like Watergate

By JOEL BRINKLEY

**A**LONG with new details of White House links to a private foreign policy initiative, the Iran-contra hearings so far have provided clear indications of what the proceedings probably will — and probably will not — achieve.

By now it seems clear they will not turn into a forum for attacking President Reagan. Despite comparisons, these are not the Watergate hearings. Almost no one believes the President will be impeached, even though testimony shows Mr. Reagan and his aides deep in planning and encouraging aid for the Nicaraguan contras, a program that may eventually be judged illegal.

Instead of exonerating the President or his aides and allies as possible lawbreakers, most

committee members are trying to reinforce Congressional influence on foreign policy. The result has been a relatively bloodless proceeding.

The sharp contrast between these hearings and those on the Watergate scandal was amply demonstrated last week by Capitol Hill's reaction to Mr. Reagan's startling about-face on what he knew of the covert program to aid the contras. Three weeks ago he said, "I had no detailed information" about it. One week ago, after Robert C. McFarlane, his former national security adviser, contradicted him, Mr. Reagan said the program "was my idea to begin with" and the hearings were producing nothing "I didn't know about."

Legislators were ruminating last week about what would have happened 14 years ago if President Nixon had suddenly come forth during the Watergate hearings, after months of saying he had not been involved in the cover-up, to say that the whole thing had been his idea from the start.

## Iran-Contra Affair: The Unfolding Story

A parade of secondary figures — expeditors, contributors and one beneficiary of aid to the Nicaraguan rebels — testified at last week's Congressional hearings on the Iran-contra affair. Highlights of the week's developments follow.

● Robert Owen, a courier for Lieut. Col. Oliver L. North, said several Central Intelligence Agency officers helped him to assist the contras while the law forbade them to do so. Mr. Owen also told of a secret trip to a corner Chinese grocery in New York City, where the grocer had a donation — a wad of 95 hundred-dollar bills, pulled from under his trouser leg.

● Of the overall covert effort, Mr. Owen said: "I think, in hindsight, the people we were trying to deceive may have been the American public."

● Congressional investigators said Colonel North apparently spent almost \$2,500 in travelers' checks, of \$90,000 from the contras, for personal items.

● Three wealthy contributors said Colonel North had worked in tandem with a fund-raiser, Carl R. Channell, and in one case with William J. Casey, the Director of Central Intelligence, to solicit large donations for the contras. Senator Warren Rudman called that "the old one-two punch."

● John K. Singlaub, a retired Army major general who was helping the contras himself, said Colonel North asked him to serve as a "lightning rod" to take public attention away from the secret White House program.

● The special prosecutor subpoenaed David Kimche, the former Israeli official



John K. Singlaub being sworn in last week before testifying about his role in private network to aid contras.

who was involved in the arms sales to Iran. Following protests from the Israeli Government, however, a judge said Mr. Kimche could leave the United States without testifying.

● The House of Representatives voted to bar the use of American armed forces in or over Nicaragua, but rejected proposals for other limits on United States military maneuvers that might help the contras.

## Both Sides Claim Victories

# Insider Trading: The First Skirmish

By JAMES STERNGOLD

**A**FTER several rounds of tough sparring in a Federal courtroom in Manhattan, what would have been the first trial in the insider trading scandal was temporarily called off last week, leaving both sides to claim a measure of victory.

The delay was prompted by the Government, which dropped the indictments against three Wall Street arbitrageurs in an attempt to gain more time to prepare new charges.

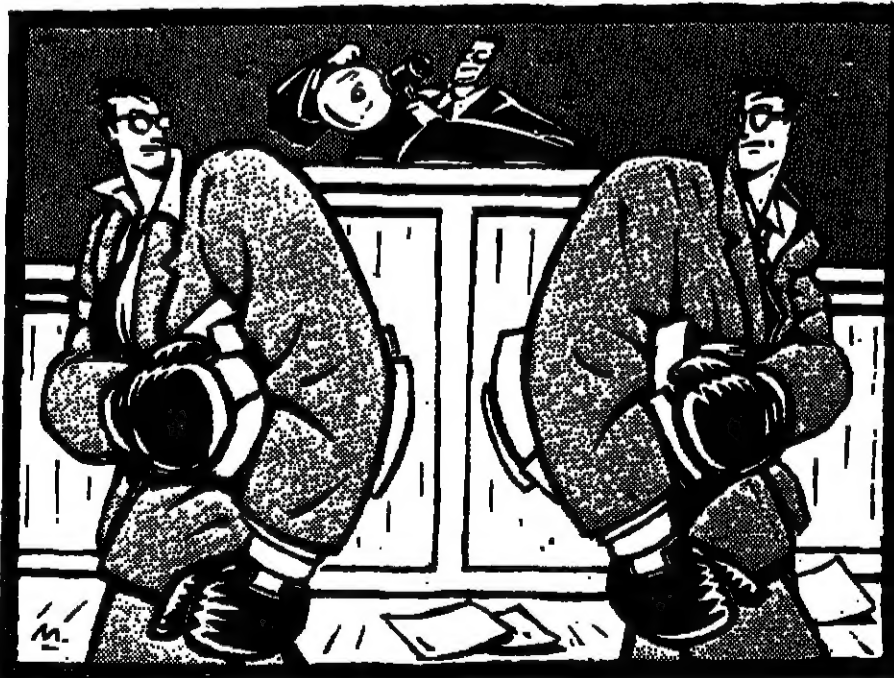
Some experts said the proceedings against the traders appeared to create opportunities for the defense to challenge any subsequent charges. However, the indefinite delay has added to, not relieved, the uncertainty on Wall Street over how far the investigation will go. Two Government disclosures added to the anxiety.

In moving to drop the indictments, the Federal prosecutors referred to unnamed "co-conspirators." The prosecution also said it was trying to compel witnesses to testify who earlier refused to do so, a statement that was interpreted to mean they were being granted immunity.

All that actually happened last week was the decision by Federal District Judge Louis L. Stanton to dismiss the charges against Robert Freeman, head of arbitrage at Goldman, Sachs & Company; Richard B. Wigton, former head of arbitrage at Kidder, Peabody & Company; and Timothy L. Tabor, a former trader at Kidder, a subsidiary of the General Electric Company.

The prosecutors said they had uncovered a far broader conspiracy, involving the trading on insider information related to nine takeover-related stocks, rather than the two mentioned in the original indictment.

Spirited verbal combat briefly heated up the hearings, giving the defense lawyers their first opportunity to throw a few punches. It also gave a preview of the kinds of technical challenges



Mark Matcho

they may use. "It was just legal skirmishing," said Rudolph W. Giuliani, the United States Attorney in Manhattan.

But defense lawyers believe they caught the United States Attorney's office off balance, pointing to its admission that it could not meet its own deadline for delivering an expanded indictment. The Government also acknowledged that it had moved too soon when it arrested the three investment bankers last February and that it might have lost if a trial had begun Wednesday, as scheduled, on the original indictment.

Once the dust settled, though, the Government had won an important victory. It now has all the time it wants to prepare an expanded indictment.

In the view of some legal experts, the defense lawyers scored points with arguments that their clients deserved a speedy trial. "The lesson was that these are not just abstract legal maneuverings," said Andrew Lawler, Mr. Tabor's lawyer. "You have a human being out there with a real problem who wants to clear his name."

One of the most hotly debated issues in the case

Certainly the reaction would not have been as muted as it was last week: Mr. Reagan's about-face was not mentioned or alluded to even once in three days of Iran-contra hearings.

In private, some members of the Iran-contra committees and other legislators say President Reagan remains so popular that they dare not attack him. They also seem concerned that harsh criticism of the contra aid program might make them appear pro-Sandinista — or worse, pro-Communist. Besides, they say, even in the unlikely event that sentiment for impeachment should arise, Mr. Reagan's term of office would be almost over by the time evidence was compiled, charges were filed and hearings held. So the rule of most legislators now seems to be: Lay out the evidence, but make no editorial comment.

## One Opponent's Complaint

This approach leaves the President's less recent opponents frustrated and alone. Representative James J. Florio, a New Jersey Democrat, sounded almost plaintive Thursday, speaking on the House floor about the polar change in the President's statements on what he knew: "I have waited in vain to this point for someone to utter the word 'lie.' The American people were being lied to by their President, and no one has said a thing."

What most Democrats, including House Speaker Jim Wright, and some legal scholars did say was that they strongly disagreed with Mr. Reagan's new assertion that restrictions on aid to the contras did not apply to him and perhaps not to the National Security Council either. Challenges to that position are likely to be exercising the courts long after the hearings end.

At a high school graduation ceremony Tuesday in Chattanooga, Tenn., a local reporter asked President Reagan if he would resign should it ever be proved he had broken the law. The President did not take the bait. "I know absolutely that I did nothing illegal," was his only response.

A Democratic member of the Iran-contra committee said, "The evidence involving the President at this point is considerable, and if the special prosecutor decides to act on it, that's his decision to make. But we are not prosecutors; that is not our role." The committee's purpose, he and others said, is to give the public a full accounting of the case and then to recommend legislation to make sure it is not repeated.

Committee members predict Congress will either limit the sorts of activities the National Security Council is permitted to undertake, or require Congressional oversight if the N.S.C.'s mandate remains as unspecific and potentially broad as it is today. Closer oversight of the Central Intelligence Agency has already begun.

The hearings are also likely to have unintended results — perhaps including the further erosion of the contras as a conceivably effective force. Many are predicting that Congress will refuse to renew aid to them this year, on the basis of testimony that they are divided, greedy, ineffectual and brutal. Representative Richard Cheney of Wyoming, the ranking Republican on the House Iran-contra committee, acknowledged that if further aid is denied, "it may well be that this short-term program designed to keep them alive may ultimately have done them in."

Whatever Congress does or intends, the special prosecutor, Lawrence E. Walsh, is proceeding ahead and law enforcement officials involved with the case believe indictments are likely to arise from what prosecutors are describing as a broad conspiracy to evade restrictions on military aid to the contras.

If a conspiracy case is made, it has been known for months that Lieut. Col. Oliver L. North would almost certainly be placed in the middle of it. But evidence presented at the hearings last week added the possibility of a different charge, one that would lack the broad foreign policy implications of his other potential problems. The contra leader, Adolfo Calero, testified that he gave Colonel North \$90,000 in blank travelers' checks; committee members found Colonel North had cashed almost \$2,500 worth himself, using some of the money to buy groceries, snow tires and women's hosiery.

was the Government's decision to arrest the three executives. Mr. Freeman and Mr. Wigton were arrested at their offices, with Mr. Wigton led past his colleagues in handcuffs. Mr. Tabor was arrested at his home and spent a night in jail. Their attorneys have argued that this "humiliation" was unnecessary because their clients would have voluntarily reported to the United States Attorney's office if summoned.

The arrests set the stage for the first serious legal battle since the scandal broke a year ago. The men were the first traders to plead not guilty after being publicly implicated. Mr. Giuliani has won 10 guilty pleas without a trial, starting with Dennis Levine and including Ivan F. Boesky.

Mr. Freeman was charged with swapping insider tips about takeover bids with Martin Siegel, formerly of Kidder, and then trading illegally on that information. Mr. Siegel

pleaded guilty to insider charges in February. Mr. Wigton and Mr. Tabor were accused of illegally reaping profits after Mr. Siegel passed the tips along to them.

The defense offered several different arguments in court last week. Stanley S. Arkin, Mr. Wigton's attorney, referred to the Government's motion to dismiss the indictment as a "transparent, cynical evasion of the defendant's speedy trial rights." Paul J. Curran, the former United States Attorney who is representing Mr. Freeman, said he will file a charge of Government misconduct over its disclosure of information from a grand jury investigation in open court while describing the new indictment. Mr. Giuliani dismissed the threat as "frivolous."

The Government, on the other hand, revealed almost nothing of its evidence. But it did make clear that the new trial, whenever it opens, will be complex and is likely to hinge on arguments over just what was said to whom and when.

"You don't have a body with bullet holes here," Mr. Arkin said. "You have a crime of words."



# Arts & Leisure

ITALY/Roberto Suro

## Church and State Tussle Over Religious Art

By ROBERTO SURO

**T**AKING CARE OF ALL the fine art piled up in this country is more than just a practical matter. It is a problem that involves the ways that Italians look at God and country, the rest of the world and themselves.

For example, over almost 2,000 years of history the Roman Catholic Church has had all kinds of relationships with all kinds of governments here. Sometimes it called the shots, sometimes it was shot at. Right now the church is presenting itself as the world's most beleaguered art curator badly in need of taxpayers' money to keep the roof from falling in, quite literally in some cases.

In Rome, where dozens of churches have recently undergone some form of restoration, paid for by the church, corporate sponsors or the Government, the Ministry of Culture last year produced a list of 115 more churches needing some kind of help.

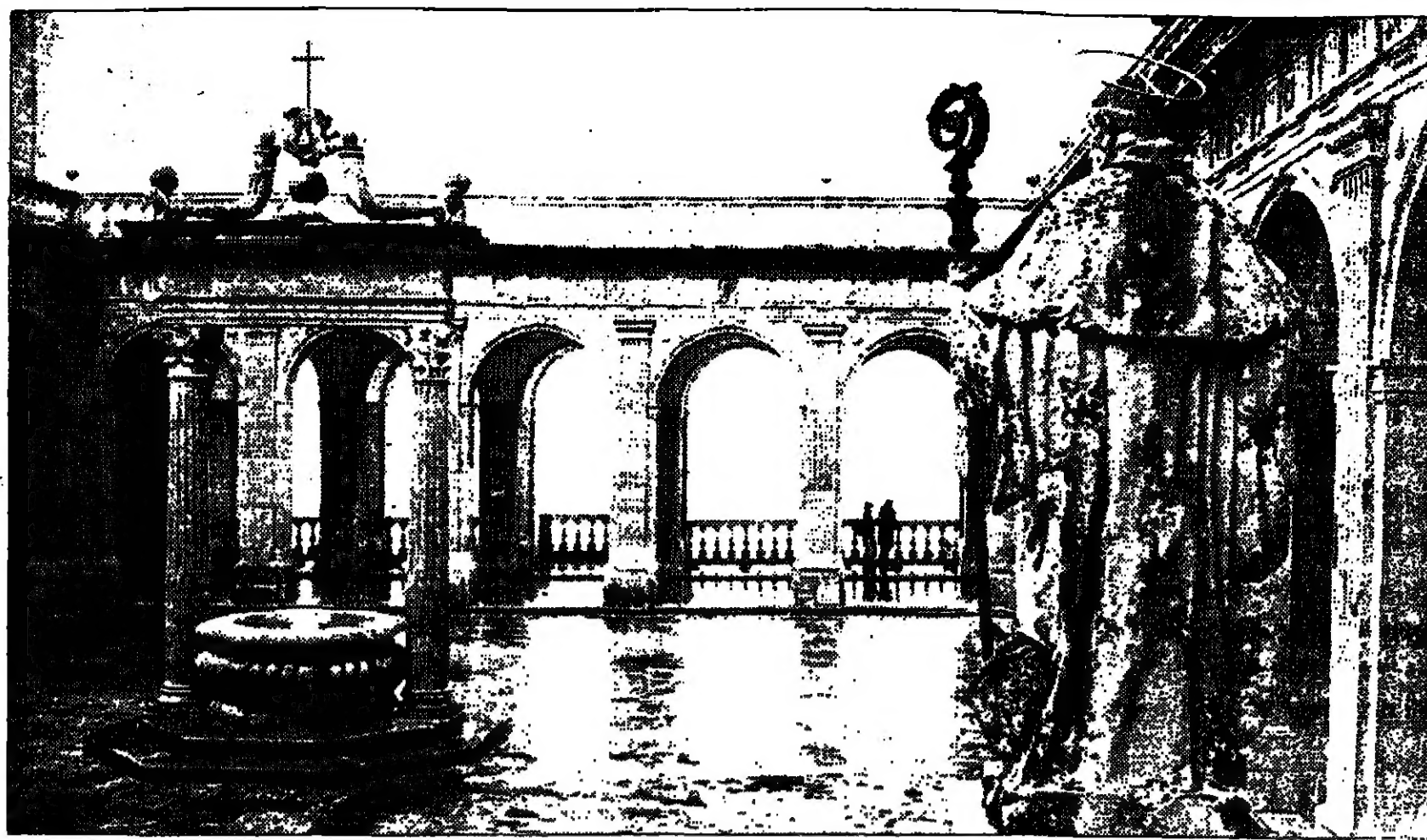
While this situation was perhaps predictable, no one seems to have really expected it to develop. The problem is not just one of appropriations and financing, although that is problem enough in a country where the Culture Ministry gets less than 1 percent of the central Government budget. Both church and state will have to redefine their relationships with culture and with each other before money can become an issue.

"We are entering uncharted ground because there are no norms to

regulate joint action in defense of artistic patrimony," said Archbishop Attilio Nicora, who heads a church office that negotiates with the Italian Government. "We both need to develop policies soon, before the situation disintegrates any further."

Italy's bishops redefined the meaning of "faded glories" earlier this month at a conference that examined the dilemma of the church as curator. Implicit in the discussions was an acceptance of the fact that the church owns far more art and architecture than it can use or maintain.

Calculating the amount of the church's possessions in Italy is staggering. By one rough guess, 70 percent of the country's artistic patrimony is in church hands. No one really knows because neither church nor state has done a full inventory. The bishops of Lombardy, in northern Italy, did do a count that produced impressive numbers. In a region with 8.7 million inhabitants there are 8,616 churches, not including 306 private chapels. There are, in addition, 149 monasteries, 631 libraries and 49 church museums. But there are also fewer practicing Catholics than there used to be. Most Italians are still baptized and buried by priests, but the number of Catholics going to mass on Sunday has recently been estimated at around 25 percent — about a third of what it was 50 years ago. During that same period some areas of the country, such as the Apennines, have been severely depopulated. Throw in a shortage of priests and the result is churches in lonely hilltop villages and crowded city streets that get little at-



The courtyard at Monte Cassino—The monastery's religious role has been reduced, while its status as a tourist attraction has grown.

tention or protection from thieves and the elements.

Another problem is presented by monuments such as the monastery at Monte Cassino that have become major tourist attractions with a greatly reduced religious role. Only a few dozen monks now inhabit the vast structure, while the number of "pilgrims" averages about 1,500 a day. Since the church helps sustain a profitable tourist industry, church officials are now demanding that they receive substantial economic support from the state to keep these monuments in shape.

But, with a few exceptions, the church insists on maintaining ownership of its treasures. In a speech opening the conference on religious art, Archbishop Pietro Garlato of the pontifical commission for sacred art in Italy argued that the church's cultural patrimony can never be evaluated "exclusively in historical or esthetic" terms. The art work must still be seen in terms of the spiritual ideals that inspired them, he said, and it is the church's responsibility to keep those ideals alive. Maintaining this religious role involves legal com-

plexities, the archbishop acknowledged, because the church does accept the state's authority in dictating safeguards for the nation's art works.

A new relationship between church and state was defined in principle when the Vatican and the Italian Government revised their Concordat in 1984 and included a promise to collaborate in the preservation of fine art. However, not one meeting has been held to determine what this collaboration means, a fact that the church is now anxious to publicize.

Archbishop Nicora recalls that "in the past there were arguments over whether a work of art is mine or yours and if it is yours, you take care of it." Now, he says, "church and state have a mutual interest to join forces." Speakers at the religious art conference identified two principle motives for collaboration. First, modern pollutants and the wear and tear of mass tourism have caused widespread deterioration. Second, corporate sponsors have become a wild card, providing lots of money for restorations as long as the projects render a return in publicity. No one, however, is predicting that anything is going to happen very soon. In Italy, changes in church-state relations

take place over the course of decades, if not centuries.

### Art on the Road

The practice of sending out and receiving traveling exhibitions is second nature to major museums in the United States, but in Italy putting fine art on the road can still be a subject of controversy. Temporary shows can produce intellectual variety for a museum. They can also generate crowds and hence money. But they can also generate difficulties.

Italian museums generally have no problem with putting on someone else's shows. The hesitation and sometimes the polemics arise over lending out precious masterpieces. In January 1986, then Prime Minister Bettino Craxi personally scuttled a plan to send the Bronzes of Riace, two ancient Greek statues, to the Los Angeles Olympics. A Michelangelo statue of Jesus Christ was crated and ready to go to New Orleans last spring when it was grounded. And last month the famed "Discus Thrower" by the Greek sculptor Miron was stopped from traveling to Japan. In every case a public outcry was followed by an official finding that the works were too fragile to travel.

One that got away is Andrea Mantegna's masterpiece "The Dead Christ," which is now on display in Tokyo in an exhibition of European art. The authorities at Milan's Brera Museum succeeded in putting the painting on an airplane without letting word leak to the public. The influential daily Corriere della Sera broke the news three weeks later with a breathless front-page scoop. Alongside was a commentary by the paper's art critic, Giovanni Testori, under the headline "Picket the Brera." Mr. Testori denounced the "arrogance" of public officials who would put Italy's patrimony at risk.

In recent years a number of large and successful shows have been sent abroad from Italy with all kinds of masterpieces. So when Mr. Testori decried "the indifference and the silence" with which Milan accepted the Mantegna's voyage, perhaps what he was observing was a certain growing acceptance of the idea of traveling exhibitions. Perhaps Italians are starting to realize that global exchanges of art — like the show of Impressionist masterpieces from American museums that produced long lines outside the Brera this spring — bring certain benefits. □

## At Cannes, The Brothers Konchalovsky-Mikhalkov

By VINCENT CANBY

**P**ERSONALITIES FROM America and Western Europe grabbed most of the press and public attention during the second and final week of the 40th Anniversary Cannes International Film Festival, but the Russians supplied more drama, and even more human interest. Elizabeth Taylor and George Hamilton, both displaying the kind of deep tans that give dermatologists nightmares, were here early in the week. Neither had a film in the festival, but Miss Taylor came by anyway, to become a Chevalier of the Legion of Honor.

An even bigger crowd-pleaser was the woman the French call "Lady Dee," who, with her husband, the Prince of Wales, was on hand for an all-British day, climaxed by a formal dinner for 700 guests in honor of Sir Alec Guinness. The co-star of that evening was the enduringly beautiful Lillian Gish, who was here for the out-of-competition showing of "The Whales of August," directed entirely in Maine by Britain's Lindsay Anderson, in which she stars with Bette Davis. (A French trade paper became confused and the following morning reviewed a film titled "The Wales of August.")

The death of Rita Hayworth was marked by one minute of silence before the Thursday night screening at the Festival Palace. Next to Paul Newman, the most popular actor to show up was Mickey Rourke, who came in for the premiere of the in-competition "Barfly," directed by Barbet Schroeder. Mr. Rourke's "9½ Weeks," a flop at home, has been a success here in France where, apparently, it was released with scenes not included in the R-rated version shown in the States.

The Americans and the British have supplied the dazzle, the Russians the substance — not necessarily because of what their film makers achieved but because of what they were aspiring to do.

The Russian "Repentance," winner of the festival's Special Jury Prize, was reportedly two years on the shelf and was only recently approved for export. The long (over 2½ hours) film, directed by Tengiz Abuladze, begins as a brilliant satire about the misdeeds of Varnam, the corrupt, egomaniacal mayor of a small Georgian city. Varnam has Hitler's mustache, Mussolini's chestiness and strut, Beria's eyes and Stalin's haircut. His story, told in flashback, begins with his death and solemn burial,

followed by his nighty disinterment by persons unknown. Eventually the baffled bureaucrats construct a steel cage around his grave ("That should keep the old lion in," says an official), but still the corpse escapes, to be discovered the following morning in some embarrassing all-too-public place.

Though the initial wit cannot be sustained over the long haul, there is a furious intensity to the film's pent-up feelings. "Repentance" is less remarkable as cinema than for the fact that it exists at all. Cannon Films has just acquired the American distribution rights.

Equally newsworthy were the appearances — singly and together — of the Russian film-making brothers, Nikita Mikhalkov and Andrei Konchalovsky. Their films were among those competing for the festival's Palme d'Or, although Maurice Pialat's "Under Satan's Sun" eventually won (to a round of boos). That French film is a thoroughly unexceptional tale about a country priest (Gérard Depardieu) and his religious doubts.

Mr. Mikhalkov, 42, best known in America for his "Slave of Love" and "Oblomov," both Russian-made, was represented here by "Dark Eyes," an Italian film shot partially in Russia and starring Marcello Mastroianni, who won the festival's best actor award.

Mr. Konchalovsky, 52, was represented by the American-financed "Shy People," shot in Manhattan and in the Louisiana bayou country, with a cast headed by Jill Clayburgh and by Barbara Hershey (winner of the best actress award).

Mr. Konchalovsky, who fancies aviator glasses and speaks idiomatic English, travels on a Russian passport, is a legal resident of France and lives in Los Angeles.

Mr. Mikhalkov, whose English vocabulary is pretty much limited to "Wonderful-wonderful," has a bushy black mustache and still looks very Russian. He lives in Moscow with his wife, who is a model, and four children. In a joint interview the other day, Mr. Mikhalkov's Russian was interpreted by Mr. Konchalovsky's French wife, who lives in New York. In spite of their various and far-flung living arrangements, they are a seemingly close-knit family.

Mr. Konchalovsky returns to Moscow twice a year. He says cheerfully that the Russian Government regards him "as a piece of cake that's been dropped on the floor." He is tolerated and more or less ignored, even though his epic "Siberiade," released in the United States in 1982, starring Mr. Mikhalkov, was one of the most

successful Russian film exports of the period. Sitting at a table on a terrace high above the Mediterranean sipping tea, separated by Mr. Konchalovsky's wife, Vivienne, they talked and disagreed in the way of brothers who are also far enough apart in age successfully to have leapt the Cain and Abel hurdle. Though their ideas differ, they remain so intimate that one brother doesn't hesitate to finish the other brother's sentences.

Mr. Konchalovsky explained the discrepancy between their surnames. Because his father, the poet and writer Sergei Mikhalkov, has for many decades been a well-known (and, some say, feared) head of the writers' union of the Soviet Republic of Russia, Mr. Konchalovsky changed his name to Mikhalkov-Konchalovsky (his mother's surname) when he went into films. When his brother Nikita became an actor and a director (at first, in the theater), Mr. Konchalovsky dropped the first half of the hyphenated name. On his passport, however, he's simply Andrei Mikhalkov.

As Mr. Konchalovsky assisted in the translation, Mr. Mikhalkov expressed little interest in working outside Russia, and none at all about working in Hollywood. He said he doesn't understand the concept of "artistic freedom" that Western reporters are always talking about. According to him, Hollywood (meaning the American movie industry) is "a prisoner of the dreams" it manufactures for the public, and the public also a prisoner of those dreams, which seldom conform to life's realities.

He said he was able to work successfully in Italy only because "Dark Eyes" is essentially Russian, having been inspired by four Chekhov stories.

Said Mr. Konchalovsky, "I was Russian. I am Russian. I always will be Russian," whether he's in Moscow, Manhattan or Louisiana. "I'm like a circus monkey. I left the jungle and found that I liked it on the prairie." He admitted, however, that it's dangerous to cut one's self off from one's roots. "Look what happened when Ingmar Bergman was living in Germany," he said, referring to the disaster of "The Serpent's Egg." "You must have a strong personality to survive."

Mr. Konchalovsky has now made four films outside Russia, including "Maria's Lovers," "The Runaway Train" and "Duet for One." His next will be an American remake of the Italian hit of the 1970's, "Investigation of a Citizen Above Suspicion," with Christopher Walken.

### Lear-ical

BY S. E. WILKINSON/Puzzles Edited by Eugene T. McManus

#### ACROSS

- 1 Mack and Lewis
- 3 Doll
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- 15 Mil. groups
- 18 Declare openly
- 19 — surface missile
- 20 "... who lived to..."
- 21 Counterfeit
- 22 Pathway
- 23 Proto finish
- 24 Pullulates
- 25 Actress Garr
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- 33 String-and-top game
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- 38 Ask earnestly
- 41 Ritzer or Benke
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- 44 Funny fence?
- 46 Bergman role in "Casablanca"
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- 55 Derby winner's garland
- 56 Slip-up
- 58 Hill, to an Arab
- 59 Speech defect
- 60 Picked a card
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- 67 Yggdrasil of Norse myth
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- 70 Cabbagelike plant
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- 3 Laughable lyric, with "The"
- 4 Annual climber
- 5 — gown
- 6 Pinguid
- 7 Nonsense song
- 8 " — Magic, 1948 song
- 9 Stack up against
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- 17 Metalworker
- 21 Latter-day Victrola
- 29 Student of Guillaume de Champeaux
- 32 A tic-tac-toe loser
- 34 Tittles
- 35 Big-A venture
- 39 Tucks away

#### ANSWER TO PREVIOUS PUZZLE

OMEGA POLAR COPELYSAT  
LENOX ALEXANDER ANAHEIM  
ATLANTIC RIVER BRUNSWICK  
MEDDA SHAPE RIVINGTON  
ERLE EQUAL YVETTE  
MOUNTAIN LAUREL LEO  
AUGUST AUGAN CARPENE  
ALVO DEUTER TOACN LEO  
LIVED BETTER KINGSTON  
LIMED AVOUS TILL  
ORIE PUNISH RANI JADE  
ORO TOTAL UGCAP PETER  
DEUTER STADA PAPER  
POITON ARAB UNAL  
UNIVERSITY JONAS MCLE  
UNIVERSITY JONAS MCLE  
RIDA VERN CIVIL ASTER  
ANTO VERN WEBER SARTRE



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## Mideast Conference? Yes, But First...

What should Israel and America do: Seize the opportunity now to move toward peace? Or stone-wall virtually every effort to trade peace for territory? Israel's bitter rivals, Prime Minister Shamir and Foreign Minister Peres, put forward these choices. Neither makes sense.

Shimon Peres rightly presses toward direct negotiations with Jordan and West Bank Palestinians. But his vehicle, an international conference to be held as quickly as possible, could prove as dangerous as it seems convenient.

Yitzhak Shamir correctly applies the brakes. But he is profoundly wrong to speak as if an international conference could never work. He evokes the sinking feeling that he and his backers oppose ever agreeing to any serious negotiations.

As Mr. Shamir and Mr. Peres struggle for power over this issue, they could snap or sap Israel's national unity. It is unwise to grasp for peace now, and unacceptable to act on the basis of peace never. The better course is to move toward a conference and direct Arab-Israeli talks, but only after careful preparation and only after building consensus in Israel for what lies ahead.

And in the United States, the Reagan Administration, at once eager and fearful about the conference, reacts in ways that only add to the disarray.

King Hussein of Jordan fashioned the idea of a conference under United Nations auspices. The aim is to provide cover and legitimacy for direct talks with Israel. That's what American governments and many Israelis have wanted all along.

What causes concern is the Soviet role such a conference would create, and what powers it would have. Mr. Peres and King Hussein seem to have answered these concerns. By terms of a secret Hussein-Peres accord leaked two weeks ago, the Russians would serve as co-chairmen with the Americans. But the conference seems intended to convene only for the purpose of passing the torch directly to Jordan and Israel. More important, the ac-

cord bars the conference from imposing solutions or vetoing those reached by the parties.

Those terms may well be acceptable to the King and Mr. Peres, and to State Department officials who have quietly greased the diplomatic wheels. But Moscow has yet to agree to any specifics. And it's not clear that Jordan would proceed without Moscow. So the conference concocted by King Hussein and Mr. Peres might never materialize.

What's the sense, then, in Mr. Peres's now straining apart his coalition Government with Mr. Shamir over so speculative an issue?

Even if Israel unified behind the idea, and even if Moscow accepted the Hussein-Peres accord, consider the questions and problems: Could the conference reconvene itself if direct talks stalled? Then what? Once talks began, almost all the pressure would be on Israel to make concessions — and on Washington to push for them.

Such possibilities illustrate the need to establish a clear sense of procedures and substance. It is far too vague to say, as does the Hussein-Peres accord, that the talks will be based on U.N. resolutions calling for Israel to grant territory in return for peace, and a resolution of the Palestinian problem in all of its aspects. And what is meant by the accord's reference to the conference's inviting "geographical bilateral committees" to negotiate?

Before giving Moscow a seat at the bargaining table, Washington needs to ascertain Soviet aims. Before Israelis and Americans get near the table themselves, they must clarify their mutual goals and undertakings. Otherwise, the best of friends would soon fall on each other, to the delight and opportunity of their adversaries.

Mr. Peres argues, finally, that this rare opportunity for peace must be seized before it's lost. That argument can't be dismissed, especially when it comes from such an able leader, and especially when an international conference probably represents the best vehicle for Middle East peace negotiations. A conference to launch direct Arab-Israeli peace talks? Yes, but not with so many loose ends.

## A Fee, Not a Ban, on Audio Progress

Ever heard of digital audio tape recordings? Most people haven't, and never will if the recorded music industry has its way. Music makers acknowledge the spectacular potential of this new technology, but argue that its unconstrained use poses a "unique threat" to their industry. They want Congress to require manufacturers to add a computer chip that would prevent owners of digital recorders from copying compact disc recordings.

The recording industry's concern is understandable. The digital recorders already on the market in Japan make much better copies than ordinary cassette and tape recorders. But it just doesn't make sense to block development of this versatile technology. One way to reconcile consumers' interests with those of copyright holders would be to add a royalty fee to the price of blank digital tape.

Digital tape recorders transcribe sound in numerical code, just as computers transcribe data in series of ones and zeros. This offers advantages that should eventually make conventional "analog" recording obsolete. A digital tape cassette the size of a paper-clip box can hold two hours of music. Commercially recorded digital tapes would offer exceptional fidelity and freedom from background noise, like compact discs. Digital recordings from the radio or from compact discs wouldn't be as good as the original, but would be superior to conventional home recordings.

In the past, manufacturers of audio software

have benefited from new hardware. Each new technology — cassette deck, Walkman, compact disc — has boosted consumer interest in audio and created a new market for prerecorded music. In this case, however, manufacturers believe there'd be an enormous loss of sales resulting from more home copying of prerecorded compact discs. They want to ban the sale of the new machines unless manufacturers install "anti-copy" chips.

It's not known whether the short-term threat to compact discs is real. What is clear, though, is that the anti-copy fix would amount to Catch-22 for digital audio tape: No prerecorded digital tapes would be offered for sale until millions of digital recorders are sold. And unless consumers have the option of recording from compact discs, they aren't likely to buy the millions of machines needed to create a commercial market for digital recordings.

Anti-copy, then, means anti-sales, and that doesn't serve the public. But there is another remedy, similar to that used to compensate artists for the use of their work on radio and television: Require manufacturers to pay a modest fee for every blank digital tape they distribute, with the revenue divided among CD software producers in proportion to sales.

The royalty approach has drawbacks. There would never be a precise way to measure the drain on sales of compact discs, or to decide who actually used tapes for copying. But royalties do offer a middle way that neither flouts the copyright principle nor impedes technological progress.

## Mr. Dole's Hunger Politics

One of the Reagan Administration's wiser foreign policies supports the nominally Marxist but increasingly pragmatic Government of Mozambique. Still, some right-wing extremists would prefer backing the Mozambican insurgency financed by South Africa. The nomination of a new U.S. ambassador to Mozambique offers them an opportunity to press their case. Bob Dole, Presidential candidate, joins in, with an especially offensive rationale.

North Carolina's Jesse Helms opposed the ambassador-designate with absurd delaying tactics. The nominee is Melissa Wells, a career diplomat born in Estonia, now a part of the Soviet Union. Senator Helms questioned her about Communist indoctrination — though she left Estonia when she was 3 and it was still an independent country.

Enter Mr. Dole with a political play on the Mozambicans' starvation and wrenching migration. Mistaken Government policies and drought contribute to the tragedy. Rebel action impedes agriculture and food distribution. Yet Mr. Dole calls for supporting the rebels under the guise of easing food distribution.

The insurgents find no backing from President Reagan or among black African leaders. The rebels' recruitment of a prominent Presidential candidate is their biggest success to date. It's a sorry story for Mr. Dole.

## The Price of Leadership

When members of the New York City Council voted recently to increase the salaries of other top New York City officials, they couldn't resist throwing in a hefty raise for themselves. Do they deserve it? The basic salary of a City Council member is now \$47,500. But the true pay adds up to thousands more. Of the Council's 35 members, 30 receive extra stipends ranging from \$2,500 up to \$30,000, based on committee and other leadership duties. The

## Topics of the Times

raises, which go into effect July 1, will boost base pay to \$55,000, a hefty sum for what is still considered a part-time job. A council that aspired to statesmanship would accompany the raise with a move to limit the extra stipends.

Ideally, the Council would have deferred increases until the city's Charter Revision Commission finished its work. The commission must decide whether to assign to the Council new powers and duties that might justify higher pay and longer hours. Now, in deciding what the Council should do, the commission also ought to consider the proper salary and limits on additional compensation.

## Green Invasion

There are some sections of New York in which the only way you can tell the season is by the temperature. Looking out a window provides no clue when you're looking at a rubble-strewn vacant lot. There are fewer dismal vistas these days, thanks to Operation GreenThumb, now entering its 10th year of bringing life and color to blighted neighborhoods.

GreenThumb, which is federally funded through the Community Development program, leases about 1,100 city-owned lots to 625 community organizations. The Sanitation Department clears the lots; GreenThumb helps design the gardens and provides the groups with training, tools, lumber, plants and seed.

This spring, GreenThumb counts 175 such gardens in the Bronx, 40 on Manhattan's Lower East Side, 75 in the Bedford-Stuyvesant section of Brooklyn. Some of the gardens produce food. GreenThumb boasts that all the vegetable rows laid end to end would reach 60 miles. Other gardens feature flowers. The irises and poppies in the LaGuardia Place garden last weekend, for instance, were dazzling. And all the gardens are oases on mean streets that sometimes seem as barren as the moon.

## Letters

## A University Must Not Be a Partner in Injustice

To the Editor:

I take exception to certain comments by Robert F. Goldberger, provost of Columbia University, in "Young Students, Old Truths" (Op-Ed, May 11). I agree that a university must be a world where "no idea is too outrageous to be heard." Even those on the far right and left should be able to present their views in the marketplace of ideas. I do object to his placing those who protest against the military's or the Central Intelligence Agency's discriminatory hiring practices in the same category as those who shout down unpopular speakers.

Many law schools make the distinction between recruiters and speakers. The schools do not restrict speakers for the content of their speech, but require interviewers to sign statements agreeing not to discriminate on such grounds as race, color, creed, marital status, handicap or sexual orientation. Mr. Goldberger questioned the propriety of universities deciding to ban recruiters who discriminate for sexual orientation.

Would the author feel the same about recruiters who discriminated against blacks or Jews? Should a law firm that has a declared policy against hiring Jews be allowed to recruit on campus? There is a massive distinction between allowing organizations with declared discriminatory policies

to carry out those policies through university facilities and allowing a university to be a forum for different views. If the C.I.A. wants to explain on campus why it believes homosexuals should be discriminated against, it should not be prevented. Various views should be presented in forums where they can be considered.

Yet, a university should be able to adopt a policy so that it will not be a collaborator in discrimination that takes place in an interview screening. An interview is not a speech in an auditorium. Those who protest the military's or the C.I.A.'s discriminatory recruiting on campus should be able to try and get the same protection for their rights as that accorded other groups. A university should be able to decide that while it will not close its forums to the views of those who preach unreasoned prejudice, it will protect itself against becoming a partner in injustice.

KEITH WELLER  
New York, May 15, 1987  
The writer is a law student at New York University.

## A Stand for Liberty

To the Editor:

Robert F. Goldberger confounds two important and very different issues (Op-Ed, May 11). He says the actions of students in preventing cer-

tain public figures from speaking on campuses and in blocking discriminatory recruitment by the Central Intelligence Agency and the armed forces both undercut "the academic freedom and constitutional protections they would claim to hold dear."

By preventing speakers from expressing their views on campuses, some students are indeed committing an assault on the academic freedom of university communities. I agree it is not the duty of universities, is indeed contrary to their duty, to restrict or monitor campus speaking engagements and academic exchange.

Recruitment by the military, the C.I.A. and other groups that discriminate against segments of university and national communities is not, however, an issue of academic freedom. These groups do not come to campuses to speak or discuss their views, but to put them into practice. If representatives of the Ku Klux Klan or the Nazi Party wish to speak on campuses, they should be allowed to express themselves. But to grant them space in university facilities and the opportunity to put posters on campuses, announcing recruitment efforts, is another matter. By giving such groups access to university facilities to implement discriminatory practices, universities are going beyond the protection of academic freedom and expression, into the realm of aiding them to discriminate against members of the community.

Mr. Goldberger raises the issue of what groups should be barred from playing their trade on campuses, and who should decide. I would respond that those groups that do not allow all people the rights to life, liberty and the pursuit of happiness, i.e., the right to participate actively, freely and fully in society, should not be aided in denying these rights by the university. Because the university "rejoices in the increasing protection of individual liberty," Mr. Goldberger seems to be saying, it must look the other way when organizations wish to use the university to deny people exactly those same liberties.

His portrayal of American universities as impotent institutions, condemned to prostrate themselves before the whims of any and all organizations, is pessimistic. Universities must take positions on the defense of personal liberties that Mr. Goldberger, and the students he criticizes, so rightly laud. Until then, students are justified in disrupting and preventing recruitment on the part of such organizations, taking a stand for individual liberty that others will not. If American universities do not even support the rights of citizens to participate in our society, what, then, are they for?

EDWARD MCNEIL FARMER  
Minneapolis, May 12, 1987  
The writer is a student at Columbia College.



The letter says, too, that Hamilton thought of challenging Monroe to a duel, but was dissuaded by friends. It was, however, Hamilton who felt he was responding to a challenge from Monroe. It was Monroe who had to try to calm things down. He did so through an intermediary, and the duel did not take place. Monroe's intermediary in 1797 was, of all people, Aaron Burr. . . . BERNARD JOHNSTON  
Brooklyn, May 16, 1987.

## When Hamilton Quarreled With Monroe

To the Editor:

Alexander Hamilton's efforts to handle an attempt to expose his affair with Maria Reynolds is discussed in "Hamilton's Troubles" (letter, May 15). The letter says that "Hamilton went to President James Monroe and confessed the sordid story." Monroe was not yet President. The year was 1792, when Hamilton was Secretary of the Treasury.

Hamilton did tell the story of his affair, but it was at his home in Philadelphia, and he told it not only to Monroe, then a United States Senator from Virginia, but also to Abraham Venable, a Virginia Representative, Oliver Wolcott, Comptroller of the Currency, and Frederick Muhlenberg, lately Speaker of the House.

The letter also says that when the story of the affair cropped up again in 1797, Hamilton "was certain that President Monroe was responsible for the 'leak.'" James Monroe was at the time an opponent of Hamilton, believing, with some justification, that Hamilton had been responsible for Monroe's recall as Minister to France. Again, however, Monroe was not yet President. He became President in 1813, and Hamilton was killed by Aaron Burr in 1804.

## Take Some of That Beer Out of the Old Ball Game

To the Editor:

New Yorkers are cheering for Dwight Gooden to help the Mets in his comeback from cocaine treatment.

The young pitcher needs strong support in his recovery. The best medical advice is to abstain from all mood-altering drugs. This includes alcohol. A force working against this is that baseball is awash in beer. Breweries are major television and radio sports advertisers, and beer is aggressively hawked in the stands.

We need some distance between alcohol and sports. The San Diego Padres have banned beer from the clubhouse and cut off sales after the seventh inning. Other teams should follow. The alcohol industry also should exercise self-restraint, with voluntary curbs on marketing and advertising.

NICHOLAS A. PACE, M.D.  
New York, May 15, 1987  
The writer is a board member of the National Council on Alcoholism.

## High Cost of Maintaining the Global Status Quo

To the Editor:

Paul Metz ("How to Improve the Bidding Process on Government Contracts" letter, May 10) must be looking to the dark past. The practice of contracting on the basis of cost plus a percentage of cost has been illegal since 1947.

True, most people believe that is what the term "cost plus" means, but in practice it isn't so. For the last 40 years "cost plus" has meant "cost plus fixed fee," "cost plus incentive fee" or "cost plus award fee." In all cases the fees derive from tough negotiations based on what the contracting parties ultimately can agree upon as being reasonable estimated costs to do a particular job.

If there are overruns, the Government has the choice of halting all work or paying additional costs but no fee or profit. On the other hand, if the Government orders changes or additional work, then additional profit on the increased costs is proper.

What bothers Mr. Metz and other concerned Americans is the inherent high cost of Defense Department procurement. This is a problem over which the Government as well as the defense industry has agonized over the years, and a solution has not been found, if indeed it is available at all.

This is more a matter of foreign policy and overall defense strategy rather than a question of procurement policy and procedures. The high cost of defense procurement will remain with us for as long as we insist on stockpiling exotic weapons systems whose obsolescence is assured and whose risk of development is exceedingly high.

Since World War II successive administrations and Congress have held that this, among other things, is the price we must pay to maintain the global status quo. Future generations will have to decide whether or not it was worth it.

RICHARD BRAUN  
Asheville, N.C., May 13, 1987

## How Some Students Are Groomed for Failure

To the Editor:

In "Lost on Campus: Minority Moment" (editorial, May 12), you state that "minority youngsters too often defeat themselves" in failing to pursue higher education. You thus contribute to the blame-the-victim approach to the educational problems of minority students.

Many blacks today are indeed, as you say, "hobbled by the stereotype that they are academically deficient," but they are hobbled more by the system than by themselves.

In the suburban New York school district where I have lived and worked for the last 22 years, children's educational futures are determined well before they reach sixth grade. Here, as in many school systems, students are early divided into "ability groups" or "tracks," often without parental knowledge or consent.

In many school districts, by the time parents become aware that their children are being tracked, it's too late to undo the damage of the unchallenging education they have been receiving for years. Once they reach high school, students who have been in lower-track classes where they are "comfortable" can't meet the grade in college-preparatory classes.

The result of such tracking practices is that school systems like ours provide unequal education for many,

despite state and Federal laws that guarantee equal education for all.

Since lower-level classes are the one place where minority-group students are in the majority, members of minority groups are prevented from later making the grade on college-level tests, Civil Service tests and other measures of academic achievement. Hence, we have de facto segregation within many of our supposedly integrated school systems.

If black students are, as you quote Clifton Wharton Jr., former chancellor of the State University of New York as saying, "indifferent, apathetic or cynical toward schooling and higher learning," it is because so many educational systems reduce them to second-class citizens by providing second-rate curriculums in separate, unequal and carefully tracked classes.

Thus, blaming the victims is not at all an appropriate response to the inequities in our educational systems.

EMILY PARRY  
Bellport, L.I., May 14 1987

## Let Texas Have It


To the Editor:

Do I stand alone in thinking that H. Ross Perot's offer to buy the Museum of the American Indian for Texas should have been accepted? I can see it now: a perfectly designed museum built specifically to hold this marvelous collection of true Americans. Hundreds of thousands of visitors flocking to see a show that receives raves in the national press.

The show goes on tour to such distant places as New York City, where it is mounted at one of the blockbuster museums. It is the social event of the season. Seventh Avenue designers fall over one another to get out a winter line reflecting the influences.

A great big yawn to all the politicians and to you — for "Romancing the Indian Museum," your May 13 editorial — on this one. We've ignored this collection until someone else showed a genuine interest. We don't need it, can't afford it and won't support it. Why not let some other folks enjoy it?

CONSTANCE STURZ  
New York, May 13, 1987



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## The Marshall Plan

It can put politics aside for a few minutes. Europe will be celebrating the 40th anniversary of the Marshall Plan on June 6, but it's not likely to remember the little band of valiant men who helped put that European recovery program together.

So let's call the roll, and tell the story:

While Secretary of State George C. Marshall was in Moscow in April of 1947 trying unsuccessfully to get the Russians to agree to German and Austrian peace treaties, Under Secretary of State William L. Clayton sent him a memo saying, "Europe is steadily deteriorating. Millions of people in the cities are starving. If things get any worse, there will be revolution." Marshall returned to Washington on April 28 convinced that Moscow wanted a European collapse, and instructed George Kennan, one of the last of the Marshall Plan's surviving architects, to produce a proposal "within two weeks."

Mr. Kennan delivered it on May 23, supporting Mr. Clayton, who estimated that the Europeans would need \$6 billion or \$7 billion a year for two or three years. It must be hard even for Americans to realize the opposition to such a proposal. It amounted to 11 cents out of every Federal dollar and the leaders of Congress could scarcely believe it.

I wrote the first detailed account of the Truman Administration's proposals in *The New York Times* of May 25, 1947, and when Senator Arthur Vandenberg of Michigan read it, he called me up and said I must have been misinformed. Congress, he insisted, would never appropriate that amount of money to save anybody.

But Marshall went ahead anyway. Charles E. (Chip) Bohlen, special assistant to Marshall, was given the task of writing a speech for him, which Marshall delivered a few days later at the Harvard commencement.

He stressed that the initiative for recovery had to come from the Europeans themselves, working together; and 22 Europeans were invited by the foreign secretaries of Britain and France to work out a plan.

It is seldom remembered that while Marshall suspected the Soviet Union of conniving at the economic collapse of Europe, he agreed that the U.S.S.R. and all other European Communist nations should be invited to participate in laying the groundwork for Marshall Plan. But all of them refused.

The main problem, however, was not to get the Europeans together but to get the support of the American Congress, particularly of Senator Vandenberg and others who had previously opposed U.S. intervention in European affairs.

Immediately after Marshall's Harvard speech, President Truman brought Senator Vandenberg into almost daily contact with Dean Acheson and Averell Harriman, who together with Marshall and other members of the Cabinet launched a nationwide campaign for public support.

They were greatly helped in this endeavor by other events in Europe. The Communists had created a crisis in Greece and Turkey, leading to the declaration of the Truman Doctrine opposing the spread of Communist influence. Czechoslovakia's struggling democratic government was replaced by a Communist regime, Moscow put pressure on Finland to join a Soviet alliance, and there was fear of a Communist victory in the Italian elections.

Growing national concern over these developments abroad finally led to the passage of the Economic Recovery Act of 1948, which included the Marshall Plan. The vote in the Senate, led by Mr. Vandenberg, was 69 to 17, and in the House, 329 to 74.

Nobody here could have imagined in 1947 that Western Europe would now be approaching the last decade of the century with its prewar population fully restored, its standard of living higher than ever before, and even its relations with Communist Europe in a state of more hopeful reform.

That the United States would still be keeping over 300,000 soldiers between the North Sea and the Elbe river 42 years after the end of the last world war and still be spending more on the defense of Europe than Europe spends itself is hard for Americans, let alone Europeans, to conceive.

Yet the allies today are quarreling with success. The British Labor Party is trying to change the nuclear balance of power that has kept the peace for over two generations. The West German Government has been deeply divided over whether to support or oppose the Reagan plan for reducing nuclear weapons, and the U.S. ambassador in London is making public speeches in opposition to anti-American sentiment.

I had a two-hour talk with President Mitterrand of France about all this the other day, but he was not perplexed. He had merely come to another fork in the long road, he suggested. There were serious and dangerous problems to be resolved, but the alliance would hold together. People have short memories, he said, particularly at election time.

## Another Mideast Conference Is Crucial

By Abba Eban

**JERUSALEM**  
In his book "Years of Upheaval," Henry A. Kissinger wrote: "The Geneva conference of 1973 opened the door to peace through which later Egypt and Israel walked, and through which it is to be hoped that other nations of the Middle East will walk in the fullness of time."

This far-reaching claim for the only international conference ever convened on the Middle East is not exaggerated. President Anwar el-Sadat declared that the peace treaty between Egypt and Israel could never have evolved without the Geneva conference and the disengagement agreements of 1974 and 1975.

Before I went to Geneva to head the Israeli delegation, Mr. Kissinger had a great deal of persuading to do in Jerusalem. Israelis as heirs of the Jewish experience are more aware of dangers than of opportunities. The parties that now form Likud were warning us in virulent language that our mere attendance at an international conference at Geneva would put national security in jeopardy.

I have before me the notes of the arguments by which Mr. Kissinger persuaded the Government to take the plunge. He pointed out that the Soviet Union was a reality in the power balance of the Middle East; that any measure of durable stability would

Abba Eban, a former Israeli Foreign Minister, heads the Knesset Foreign Affairs and Defense Committee.

require Soviet cooperation; that it would be possible for America and Israel, if they stood together, to overcome the obstacles that the Soviet presence might involve, and that the alternative to agreement — if not on full peace then at least on disengagement and moderate withdrawals — would be the imminent renewal of war.

Hundreds and thousands of Israeli, Egyptian and Soviet troops, and hundreds of tanks, artillery, and missiles and aircraft were facing each other in deadly proximity. The Kremlin had rattled its sabers and an American nuclear alert was a fresh memory.

The international conference of 1973 was a success story. When it became evident in our opening speeches that a comprehensive peace was not attainable, the conference unanimously adopted a joint resolution, drafted by Mr. Kissinger and Foreign Minister Andrei A. Gromyko, for negotiating interim agreements.

War receded; the Israeli economy was liberated from the paralyzing grip of mobilization; Egyptian, Israeli and, a little later, Syrian forces moved out of perilous range of each other, and a contractual tradition was established in Arab-Israeli relations. "If radical Syria," wrote Mr. Kissinger, "could sign an agreement with Israel, there were no ideological obstacles to agreements with any other states."

The idea of an international conference as a framework for an Israeli, Jordanian, Palestinian negotiation is now recommended by the United States as the only available alternative to deadlock.

The result of deadlock would be an increase in the danger of war, the growth of radicalism and fundamentalist violence in Arab states and Israel, intensified terrorism and the discreditation of compromise.

The most tragic of all the consequences of prolonged immobility would be the infliction on Israel of a structural defect that no other free society in the modern world is experiencing. This would arise from the permanent and coercive incorporation into Israel of a foreign Palestinian nation, all of whose sentiments, attributes, memories, passions and allegiances flow away from Israel toward the neighboring world.

In the last words she ever wrote, Golda Meir said: "As for the West Bank of the Jordan and the Gaza Strip... no sane Israeli ever assumed that all the territories were going to remain under Israeli rule. New borders would have to be drawn up with Jordan." The words are incisive, but sanity can fall unless it is institutionalized in formal agreements.

The opportunity to face this central challenge now arises through the statesmanlike move by Secretary of State George P. Shultz away from the American passivity that had effectively impeded progress for several years and toward a carefully formulated scenario for an international conference as a framework for negotiation between Israeli, Jordanian and Palestinian representatives.

This scenario, worked out in consultation with Foreign Minister Shimon Peres, is far more advantageous to Israel than the more risky enterprise that Mr. Kissinger carried to success

in 1973 through 1974.

First, Egypt would now attend as a treaty partner, not as a disgruntled adversary.

Second, Jordan has now committed itself for the first time to Israel and the United States to negotiate on the basis of agreed procedures that would prevent an imposed solution.

Third, the Soviet Union, which had totally cut itself off from contact with Israel between 1967 and 1973, has been in continuous discourse with Israeli officials at many levels.

Fourth, and most crucial, Secretary Shultz has promised the kind of protective solidarity, support and common action with Israel, the like of which his most benevolent predecessors could never have considered. These commitments do not guarantee success, but they certainly secure Israel's interests against injury or risk to an unprecedented degree.

An idea that has this measure of Jordanian, Egyptian, American, European, Soviet and Israeli support is not likely to perish because of a single setback.

Now that we have optimal conditions for negotiation in the external domain, and public support of the conference idea in recent Israeli domestic polls, Foreign Minister Peres must strive to achieve a parliamentary or popular mandate at home.

Israel's friends abroad should accompany this enterprise with sympathy. They ought surely to encourage an effort to end the deadlock, which could only lead to explosions, of which all Middle East peoples would be the main victims.

ON MY MIND  
A. M. Rosenthal

## How to Rent Reality

Apparently, the idea has been around for some time, but happily I managed to avoid it until the ad appeared in the paper: surrogate staffs for surrogate bosses.

It is called employee leasing and it is a jewel of an idea when you think about it: You fire your entire staff, which is then hired by the leasing company, which then rents your staff back to you. But it is not yours anymore: the staff belongs to the leasing company and you become a client.

For a fee, the leasing company pays the employees' wages, taxes and benefits, and also takes care of "all your recruitment headaches" with its "human resource professionals." I think that means hiring other leased employees for you.

The staff is supposed to like being fired and rented back since the leasing company can arrange better benefit packages than most small employers. The boss, or ex-boss, likes it because he gets rid of paperwork. Some unions are not wild about it but there are now about 350 companies leasing out some 250,000 people to their former bosses.

When I read the ad I felt that fine, light flush that is the forerunner of full-fledged righteous indignation. But that soon disappeared because I realized that the idea was totally in keeping with our way of doing things — the surrogate life.

Surrogate motherhood is too new and far too emotional to be a real part of the movement yet. It may grow but the passions of the Baby M case probably put it back a decade or so.

There are forms of surrogacy that are built into our economic and social systems and serve both. Day care centers for very small children, for instance. Homes for the aged, for another.

It was only a few decades ago that turning a preschool child over to organized care during the day would have been horrifying to most mothers and fathers. And, of course, the idea of putting your parent in an old-age home was a shudder.

Now both ideas are part of our lives and day care centers are accepted, appropriately, not only as economic necessities but social liberators for working mothers.

But we don't have to pretend that they are not surrogates for the direct family care that used to be taken for granted.

Our working lives, our social lives, even our love lives, have become wrapped up in surrogacies, which means they have moved at least one step away from us.

One of the best parties I ever went to was in Austin, Tex. It was a few

## A Venice Summit 'Dream Scenario'

By Richard N. Gardner

**T**he only good thing about this summit is that it's in Venice — and Venice is sinking." This gloomy assessment by an official helping to prepare next month's meeting of the leaders of the seven main industrialized democracies is somewhat off the mark. Because of Italy's corrective action, Venice is no longer sinking, but because of the political paralysis of the summit leaders, the world economy is.

The incomparable stage set that is Venice should not take the public's mind off the fact that this 13th annual summit conference faces interrelated North-North and North-South economic crises of unusual dimensions.

On the North-North front, the falling dollar and rising United States interest rates are clear signs that the markets can no longer finance America's huge external deficit without unacceptable risks to stability. Last year, the deficit reached \$140 billion, while Japan and West Germany ran surpluses of \$90 billion and \$36 billion, respectively.

Moreover, real economic growth in the industrialized democracies is headed downward toward a meager 2 percent. Key economic indicators are flashing warning lights that signal recession. Necessary action by the United States to reduce its domestic and external deficits will hasten that recession if Japan, West Germany and other countries with surpluses continue to delay adequate measures to stimulate their economies.

On the North-South front, the trillion dollar debt problem is moving to a dangerous stage. The plan by James A. Baker 3d, the Treasury Secretary, assumed that it could be managed with domestic adjustments in the indebted countries, a minimum of 3 percent growth in the industrialized world and a healthy resumption of lending by commercial banks. With the second and third elements now missing, many third world debtors soon will face a cruel choice between default and politically unacceptable cuts in living standards.

The debt crisis is further complicated by the need for a radical change in North-South trading patterns. The United States takes a disproportionate 60 percent of the manufactured exports of third world countries, compared with 20 percent by Europe and less than 10 percent by Japan. The necessary reduction of our trade deficit will bring the debt situation to a ruinous climax unless Europe and Japan open their markets to third world countries as well as to the United States.

What could the summit partners do about this ominous prospect? Consider a "dream scenario."

President Reagan announces at the opening session that he realizes that America cannot continue to consume 3 to 4 percent more than it produces and borrow the difference from its friends overseas. He promises to seek not just the \$18 billion in additional taxes called for in the Congressional budget resolution but an annual tax increase of no less than \$50 billion, to be raised through a 30 cent per gallon gasoline tax and full taxation of Social Security payments to upper-income taxpayers. He makes these commitments contingent upon the countries with surpluses assuming their share of economic responsibility.

Prime Minister Yasuhiro Nakasone and Chancellor Helmut Kohl, stunned, consult their delegations, then return with a dramatic announcement. Since the United States

Richard N. Gardner, professor of law and international organization at Columbia University, participated in the 1980 Venice economic summit conference as Ambassador to Italy.



Horacio Fidel Carto

## How to treat 'economic crises of unusual dimensions.'

is now accepting its share of the responsibility for international adjustment, their countries will adopt new tax cuts and spending increases designed to push their growth to 3.5 to 4 percent by year's end. Moreover, they will make immediate unilateral reductions in trade barriers on products of interest to the third world. The President of the European Commission announces that he will recommend similar action from other European countries with surpluses. The other summit leaders agree.

In the resulting euphoria, all seven leaders take an unexpected step. Noting the inadequacy of flows of private capital, and wishing to avoid drastic debt write-downs or defaults that could damage their banks and financial systems, they agree to double the capital and lending operations of the World Bank. Japan pledges \$10 billion in additional untied concessional aid each year to enable the Bank and other multinational financial institutions to meet the needs of developing countries that put their domestic houses in order.

What are the chances for this dream scenario? Negligible, to put it mildly. President Reagan's political weakness has not made him any more willing to face fiscal realities. Prime Minister Nakasone, under fire for his economic policies, is to leave office in a few months. Chancellor Kohl, never a creative economic thinker, is preoccupied with his party's internal divisions over intermediate-range missiles. The leadership of France is hampered by divisions between President François Mitterrand and Prime Minister Jacques Chirac. The popularity of Prime Minister

Brian Mulroney of Canada is at an all-time low, while Prime Ministers Margaret Thatcher of Britain and Arnore Fanfani of Italy will face elections within days.

So what are we likely to get? Perhaps agreement on some form of debt relief for the poorest countries of Africa. Probably a promise to reduce protectionism in agriculture. Very likely acceptance of the concept that an "early harvest" of trade results should be sought in the Uruguay Round of the General Agreement on Tariffs and Trade by the end of 1988, including new formulas to regulate protectionist "safeguard" measures and to improve GATT's dispute-settlement mechanism.

Though useful, these results would not be enough. What is needed are major changes in the domestic fiscal and monetary policies of the United States, Japan, West Germany and other key actors in the world economy to reduce unsustainable surpluses and deficits, stabilize currencies and avert a world depression.

The last four summit meetings produced high-sounding communiqués promising more stable exchange rates and improved multinational surveillance designed to foster convergence of domestic economic policies. In the light of what has happened, it is embarrassing to read these communiqués today.

More empty rhetoric would further depreciate the currency of the summit process and confirm the cynical comment on coordination of economic policy by a former official of the European Community, Viscount Etienne Davignon: "The first year,

we discuss it. The second year, we decide about it. The third year, we don't do anything about it."

It is time to look for new ideas to revitalize the summit process so that it can reinforce the political will of the world's leaders and help them to multilaterally what they fear to do unilaterally.

We need an international mechanism to promote a sense of shared responsibility for adjustment on the part of nations with surpluses and deficits that was present at the founding of the postwar economic institutions: the World Bank, the International Monetary Fund and GATT.

Let the heads of these international agencies appoint a "wise men's" group of nongovernmental experts to prepare a report on the kinds of adjustments that developed and developing countries will need to undertake to assure a safe economic transition to the 1990's and beyond. In that decade, we will probably see Japan as a trillion dollar creditor and America as a trillion dollar debtor.

How would such dramatic changes in economic power be managed? The report of such a group, if prepared for the 1989 summit meeting, could challenge our next President and the other leaders to answer some hard questions. To put more discipline into the summit process, at the end of each year the "wise men's group" could issue evaluations of the governments' post-summit performance of their agreed summit obligations.

Just as the reports before the leaders at the conference could help them concentrate on the central issues, post-summit report cards could make it more likely that summit agreements were carried out.

Of course, reform of the summit process two years hence will not deal with today's crisis. If not at Venice, then very soon the world's economic leaders must change economic direction or face unpalatable consequences.

At the economic summit conference in Venice in 1980, everyone nodded when the leader of the Japanese delegation, Saburo Okita, warned, "We are all in the same gondola." This year's leaders have to prevent that gondola from sinking.

## Idealism aside, there are practical steps.

## Surrogate life and watching it grow.

years ago, at the home of Ann Richards, the Texas state treasurer. I realized later why I had such a good time. None of it was catered, a form of surrogacy that dominates evenings in most big cities — neither food nor entertainment.

The crayfish were cooked in Ann's kitchen and she spread them out on the table herself. There was music — not a hired pianist but some guest picking on a guitar. Lots of singing — not from a cassette player but by actual live guests. There was a great stand-up comic — a novelist with a bit of buzz-on — right there in the living room, not on television.

And the guests were not catered either — Ann invited them herself for her own party.

In New York and Los Angeles, there are parties where a surrogate hostess serves up catered guests. An out-of-town businessman or merchant wants to make a splash with a new product or service. He asks around, finds a prominent woman who knows everybody. She becomes his hostess for the night — decides who will make profitable guests and sends out the invitations in her name.

Sometimes there is a fee, or he will put business her way later, or contribute handsomely to one of her favorite charities. Nobody is hurt; but it is all one large step away from real party-giving, though nobody says so.

Restaurant-going is becoming a surrogate for hospitality at home, and you can get what amounts to surrogate exercise — spa machinery that moves your arms and legs for you so you don't have to work up too much of a sweat.

On college campuses during exam time, "Pride and Prejudice" and other classics are best sellers — the video cassettes, of course, not the actual books. Let video do your reading!

If you want to show love with a gift, don't bother buying one. Ring up any big department store. Nobody has to know it was picked by a surrogate selector on surrogate time. They will even put a funny card inside, a surrogate for a note you might have had to word yourself.

In California, there is a dandy substitute for bothering with nature and that grubbiest. Rent a lawn by the yard. They will roll it up and take it away if you fall behind on payments or happen to die. Then your survivors, if inclined, can pick up a phone and dial a prayer.



# Business Forum

AND DEBTOR NATIONS COULD GAIN

## Citicorp Succumbs to the Inevitable

By MARTIN MAYER

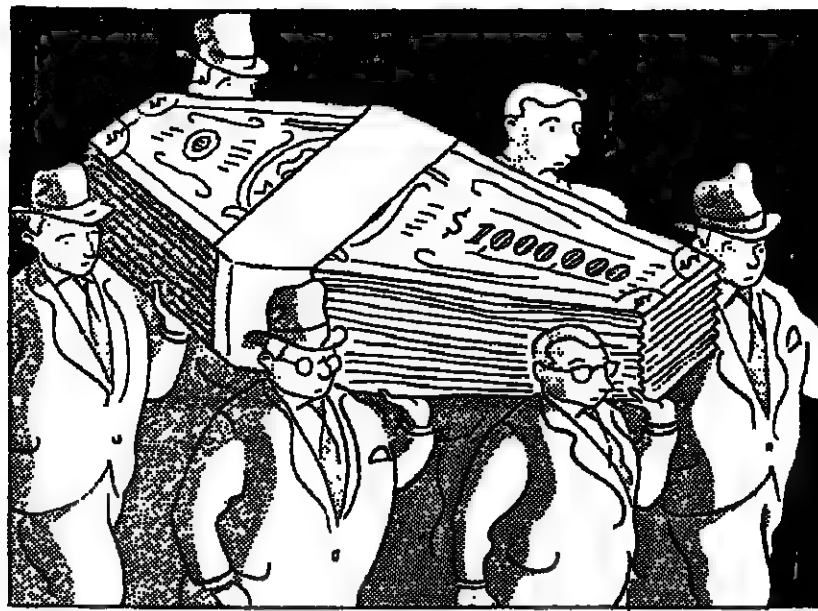
**C**ITICORP'S decision to take a \$3 billion reserve against its third world loan portfolio is in every way welcome, as a sign of rationality at our largest bank and as a signal that the private lenders are prepared to make a real contribution to clearing out the channels of the world's trading system, which have been clogged much too long with garbage debts. But the recognition of losses commends itself essentially as an honorable act, good for the soul and the brain; and honor cannot, as Falstaff once pointed out, take away the grief of a wound.

The market has long recognized the reality of the losses the banks and their friends at the Federal Reserve and the Treasury Department have previously refused to acknowledge. At a time when many stocks are selling for 20 and more times earnings, shares in money-center banks have been hovering at six or seven times earnings. At the end of last year, regional banks like Rhode Island's Fleet Financial, with trivial foreign debt exposure, sold for 160 percent of book value, while international banks like Manufacturers Hanover and Chase Manhattan were valued in the stock market at between 60 percent and 70 percent of book.

The market maintained this discrepancy despite the insistence of bank stock analysts that, because the Government would protect the banks forever against losses on their Latin loans, the shares were grossly undervalued. It should have come as little surprise, then, that the first reaction to Citicorp's brave statement was a sharp run-up in its stock. Investors, it seems, feel more comfortable with people who tell the truth.

Still, the wrong people are saluting, the wrong accounting principles are being applied and in some quarters the wrong conclusions are being drawn. Walter Wriston, former chairman of Citicorp, has hailed the action of his successor, John S. Reed, as "terrific." But only a year ago he was proclaiming in his book "Risk & Other Four-Letter Words," that he had never taken a loss on an interna-

Martin Mayer, author of "The Bankers," among other works, is writing a book about markets.



tional loan, that "evaluating risk... is what bankers get paid for," and that "events of the past dozen years would seem to suggest that we have been doing our job reasonably well."

Treasury Secretary James A. Baker 3d, whose initiative to restore voluntary private-sector lending to Latin countries lies shattered in the detritus of the Citicorp explosion, has joined in the chorus of praise. And even the Federal Reserve, which leaked to The Wall Street Journal last fall the intensity of its chairman's displeasure with Citicorp's slow response to a demand for new loans to Mexico, has made soothing noises.

Until now, the game has been to pretend that the Latin debtor nations, apart from a handful of desperate losers, merely had a liquidity problem that the banks could manage, with a little help from the Government, by carrying the debtors. Any statement to the contrary was denounced — by Paul A. Volcker at the Fed, Secretary Baker, the bank stock analysts or Citicorp itself — as dangerously naïve.

Citicorp's action is an admission that the debtor nations really do have a solvency problem requiring a reorganization similar to a bankruptcy proceeding rather than mere adjustment. The need for a renewed infusion of resources into these economies remains, however, not least because the United States trade deficit cannot be significantly dented without a resurgence of demand from the

Latin American countries.

The people who are committed to giving the Latins better opportunities to grow must now be up and about to develop a strategy, something that can be rammed through Congress and (especially) the Japanese Ministry of Finance quickly. For this purpose, the strategists must recognize that Citicorp will no longer contribute muscle or money, and statements that the banking company is still a part of the team distract from the work that has to be done.

Moreover, Citicorp has taken advantage of the bank regulators' misleading accounting standards to present its action as though the losses were really good for the bank and in no way bad for the stockholders. Here's how that works.

**B**USINESSMEN drawing up their balance sheets deduct their aged unpaid accounts receivable from their assets. And under Securities and Exchange Commission rules, banks presenting their statements to stockholders and the public must deduct their loan loss reserves from their total loans before striking the balance. But Federal and state banking authorities (and no other regulators in the world) permit our banks to show loan loss reserve as part of their "primary capital," roughly equivalent to equity in a non-financial corporation. By the same rules, they may continue to include the bad loans among their assets, at

full value. Mr. Reed's \$3 billion provision against losses, in other words, will show up over time as an increase in capital and in apparent strength.

Recently, the Fed apparently agreed to end this charade, and will propose some new rules in the next few weeks. The hunch here is that Mr. Reed moved now to get in under the wire, to make sure his recognition of the losses on his predecessors' loans could be made to appear nothing more than a rearrangement of the Citicorp balance sheet.

Finally, the Treasury and the analysts have persuaded most financial reporters that Citicorp's action signals a hardening of the banks' attitude in future negotiations with Latin debtors. A more perceptive view appeared in "The Lex Column" in London's Financial Times, which foresaw a "downward spiral in which loans are marked to a discount, borrowers turn nasty about paying even reduced interest, and so on."

Mr. Reed has established a fund from which concessions can be made to the debtors without further impact on his bank's profitability. Each debtor will want at least his share of that fund, and there will be little reason at Citicorp to deny him. Manufacturers Hanover and the Bank of America clearly will have different views, as Mr. Reed indicated when (and this will not be forgiven him) he let the press know that before coming forth with his announcement he had called the chairmen of these banks and only these banks to deliver the news personally.

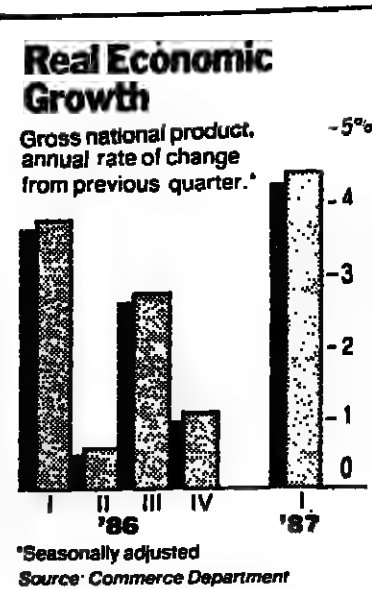
Still, on the fundamentals Mr. Reed is right. The banks must share in the losses from past over-lending. Moreover, the debtor nations ultimately will be better off if their costs are cut by bank concessions on interest rates or on principal repayments (through packaging the debt as cut-price bonds and selling what may be bargains to the public), than if their bills are paid by exponentially growing debt as new money is borrowed to pay interest on the old.

Efforts to clear the blockade of past mistakes have been impeded by the narrow perspective of a handful of big banks under the guidance of a single-minded Fed. Mr. Reed's actions open the field for new ideas. It was Citicorp that led the children into the mountain; now that the Pied Piper is gone, perhaps they will emerge.

# The Economy

## WEEK IN BUSINESS

The economy grew at a 4.4 percent annual rate in the first quarter, better than the previous estimate of 4.3 percent, and far better than the 1.1 percent rate of the fourth quarter of 1986. But most analysts say they expect smaller increases for the rest of the year, with a final growth rate for 1987 of around 4 percent. ... Consumer prices rose four-tenths of 1 percent in April, the same as in February and March. Food and energy costs rose, as did the costs of imports in light of the lower dollar. ... Durable goods orders rose just one-tenth of 1 percent in April, extending the weakness there. ... New home construction dropped 2.9 percent in April, mainly because few new apartment buildings are being built. ... Industry operated at 78.9 percent of capacity in April, down from 79.3 percent.



Citicorp is adding \$5 billion to its loan-loss reserves to cover loans to Brazil, acknowledging it is not likely to receive the money. The move will result in a \$2.5 billion loss in the second quarter. The bold move by John S. Reed, the chairman, exerts pressure in several sectors — on other banks to wipe their slates clean, on third-world debtors to take positive steps to repay the loans or reduce borrowings, and on Federal officials who have been urging banks to continue to lend to the third world despite abysmal repayment prospects.

Bank regulators are increasingly concerned over the huge loan exposure to Brazil and the third world. L. William Seidman, the F.D.I.C. chairman, told a Senate panel that falling bank profits could be linked directly to third-world loan losses. Although many analysts believe Citicorp can emerge from the crisis stronger, they believe other banks face failure or long-term problems if they follow Citicorp's lead.

Stocks suffered on a spate of bad news, including the Citicorp loss. The Dow Jones industrial average ended the week down 28.32 points, at 2,243.20. Bond prices rose a bit over the week as the dollar stabilized.

Harcourt Brace received a \$2 billion takeover offer from Robert Maxwell, the British publisher. Mr. Maxwell, pictured, already owns Europe's largest publishing company, and the acquisition of Harcourt would make him the head of the world's largest educational publishing empire. In recent months, Mr. Maxwell has purchased several publishing properties in the United States, but was rebuffed in bids for Scientific American, CBS's magazine group and Doubleday. But Harcourt, calling the bid "preposterous," canceled a planned shareholders meeting — after the shareholders had arrived — and said it would consider Mr. Maxwell's bid. Analysts expect the company to be acquired by someone, not necessarily Mr. Maxwell. But Mr. Maxwell said he understood that one possible rival, Rupert Murdoch, would not bid.



Burlington arranged a \$2.74 billion buyout by a group including Morgan Stanley and top Burlington executives, preventing the company from falling into the hands of Asher B. Edelman. The Morgan buyout offers

\$76 a share in cash, while Mr. Edelman's group, which included Dominion Textiles of Canada, offered \$72. Some analysts think Mr. Edelman might raise his bid, or try other tactics that could give him control.

G.M. has a new president. Robert C. Stempel, an executive vice president, will replace the retiring F. James McDonald in an attempt to placate angry shareholders who claim G.M. has been going off track in recent months.

Robert Holmes & Court controls 6.4 percent of Texaco, but most analysts do not believe the Australian financier is planning a takeover attempt. Rather, they said, Mr. Holmes & Court is buying the stock of a company he sees as undervalued because of its trials with Pennzoil and its Chapter 11 filing.

A Government fraud inquiry into General Dynamics was halted because of insufficient evidence that the big military contractor had done anything wrong. The three-year inquiry had focused on allegations of overcharges and kickbacks.

Insider trading charges were dismissed against three prominent Wall Street executives at the Government's request. But new, broader, charges are expected against Timothy L. Tabor, Robert M. Freeman and Richard B. Wigton. The Government had asked for the dismissal because it said it had obtained too much information, but lawyers for the three defendants had opposed the move.

First Interstate is to buy Allied Bancshares of Houston for up to \$450 million in securities. The deal gives First Interstate and its chairman, Joseph J. Pincus, a niche in Texas that expands First Interstate's influence.

The Belzbergs bid for Crazy Eddie and were joined by Crazy Eddie's founder and chairman, Eddie Antar, who took the company public just 2½ years ago. The move puzzled analysts, who noted that Mr. Antar has previously sold about a third of his stake in the company.

Intelsat accused its former chief executive of receiving \$2.4 billion in kickbacks and illegally diverting payments. The executive, Richard R. Colino, was dismissed in December.

A.M.C. agreed to a sweetened bid from Chrysler of \$4.50 a share instead of the \$4 Chrysler originally offered.

INVESTING / Anise C. Wallace

## Betting on a Different View of Inflation

Some analysts are predicting a major rally in stocks and bonds after commodities and metals prices fall back.

**M**ANY economists believe that higher inflation is just around the bend. A recent survey by Blue Chip Indicators found that economists expect the inflation rate to jump to 4.4 percent this year, from last year's 1.9 percent.

But a few Wall Street portfolio strategists and investors hold a contrarian view: They believe that higher prices are not returning. The price jumps for commodities and precious metals, in their view, have been spurred by emotion, not the economics of increased demand. This "perception" of inflation, they say, not the reality, is the invisible hand behind these moves.

If they are right, there is good news ahead for investors as well as consumers. If inflation does not heat up, stocks and bonds are likely to head higher. "We are in a temporary dark period," said Byron R. Wien, investment strategist at Morgan, Stanley & Company. Suresh L. Bhurud, vice president and portfolio strategist of the First Boston Corporation, said: "A month from now, we will look back on this as a false alarm."

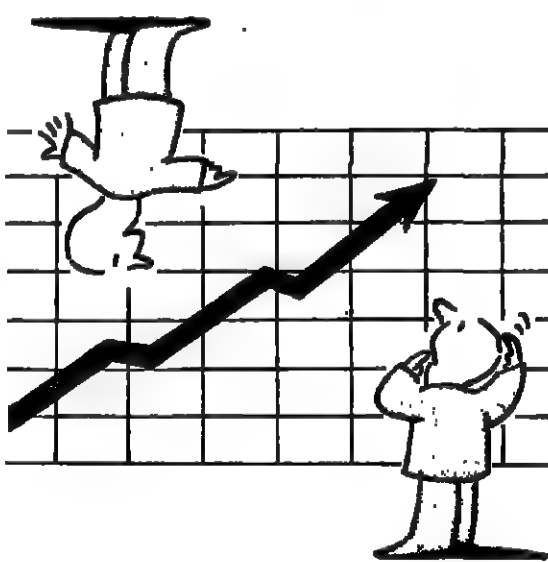
Despite April's 0.4 percent increase in the Consumer Price Index, which represented an annual rate of 6 percent, these experts remain optimistic.

The higher commodity and metals prices are misleading, the strategists argue. "We're at a period of political and economic uncertainty," Mr. Wien said. "People buy gold and that attracts speculative interest." And this uncertainty has increased the fears of stock and bond investors.

The rise in gold prices to almost \$480 an ounce is the most visible of the misleading cues, the investment advisers said. Long considered an indicator of inflationary trends, gold's record of "predictions" is less than perfect. In 1980, just as inflation was about to peak, the price of gold rose above \$800 an ounce. And in 1981 and 1982, when inflation was declining, gold jumped again. "Gold and other metal price increases are not necessarily harbingers of inflation," said Laszlo Birinyi, vice president of Salomon Brothers.

The surge in commodity prices has also confused investors. Two weeks ago, the Commodity Research Bureau's futures index spiked more than 6 points in one day. Bond and stock prices tumbled as nervous investors sold out. But it was another false alarm. Commodity prices are actually in a long-term decline, the strategists contend. "The rally in commodity prices is a rally in a bear market," Mr. Bhurud said. Last Monday the C.R.B. index dropped almost 5 points.

Anise C. Wallace writes on finance and business from New York.



Drawings by Kurt Karlin

Indeed, the commodities rally has not swept through every market. Mr. Birinyi said that the stock markets of Australia, Canada, Sweden and Norway, which are dominated by natural-resource companies that would benefit from higher inflation, have not outpaced other markets this year.

Many economists and investors have warned that inflation will return as the dollar falls and causes prices of imported goods to rise. But Mr. Wien contended that even if the dollar falls to 120 Japanese yen and 1.60 German marks, the inflation rate would only rise one-half of a percentage point above the level at the end of 1986. (The dollar is now trading at about 140 yen and 1.77 marks.) "The fear that the decline in the dollar so far this year will produce runaway prices seems to be exaggerated," Mr. Wien said.

Overall prices will not increase for several reasons, these strategists believe. First, higher prices cannot last without a strong worldwide economic

expansion. Few see signs of such a boom. "The economies of the industrial countries are not strong enough to lead to inflationary pressures," said Mr. Bhurud of First Boston.

In addition, consumers, burdened with record debt, would be likely to resist higher prices and reduce spending.

What does this mean for investors? If this analysis is correct, precious metals prices should peak soon. Gold, silver, platinum and palladium have all made spectacular moves since early this year. But these strategists expect a selloff if inflation remains low.

Meanwhile, financial assets such as stocks and bonds, which fare poorly during high inflation, will resume their advances. Mr. Bhurud believes that both will climb after this period of "misperception." "We will see a knockout rally in bonds and stocks if the markets get wind that inflation is not a problem," he said.

As a result, many of the stocks that have done well since 1985 should continue to be market leaders. These include drugs, retailers, soft drinks and tobacco, Mr. Bhurud said.

Mr. Wien said that stocks of such emerging growth companies as Acuson and MacNeal-Schwender represent the best bargains in this market, which so far has favored large-capitalization companies. Other beneficiaries of moderate inflation, he said, would be airline stocks such as AMR, Delta and Allegis, and drug stocks such as Abbott, Johnson & Johnson and Upjohn.

Mr. Birinyi favors Digital Equipment, Hewlett-Packard and F. W. Woolworth.

But not all stocks will be stellar performers. The precious metals stocks, along with such "deep cyclical" stocks in steel, copper, aluminum and machinery companies, have outperformed the market so far this year because they have been the perceived beneficiaries of renewed inflation. But the strategists do not expect this surge to continue. For instance, Mr. Birinyi, who tracks the flow of investor cash into stock groups, believes the recent activity in copper stocks has been mostly the result of speculation, not significant buying.

## Tri-Star Attracts the Bulls

Tri-Star Pictures Inc., a movie producer and distributor, has had investors jumping to their feet in recent weeks — and heading for the door. Its share prices sagged last week to about \$9.25, less than a point above its 52-week low. But bargain hunters at Bear, Stearns & Company think Tri-Star looks cheap on a cash-flow basis.

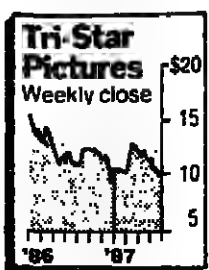
Part of Tri-Star's problem may be a recent release entitled "Extreme Prejudice," with Nick Nolte. Critics opened fire, and the film fared poorly. "If you bust a couple at the box office, people tend to overreact," said H. Eugene Hile, a senior vice president at Bear Stearns in Boston. "Extreme Prejudice" was a turkey," he said. "But Tri-Star didn't have the exposure of the producer; they were just distributing it."

Mr. Hile believes that Tri-Star could benefit as its Loews Theaters in New York and New Jersey carry "Beverly Hills Cop II," a film from Para-

mount that opened last week to large audiences.

Moreover, Mr. Hile thinks Tri-Star's movie productions look promising. "Blind Date," with Bruce Willis, was a money maker, he said. Future releases include "Ironweed," based on the Pulitzer Prize-winning novel by William Kennedy, with Meryl Streep and Jack Nicholson.

Another Bear Stearns analyst, Steven Eisenberg, expects Tri-Star to earn about 65 cents a share this year. Cash flow from operations, he estimates, could run \$1.75 a share. If the Coca-Cola Company, which owns 39 percent of Tri-Star, should decide to buy the rest, the price probably would be 10 to 12 times cash flow, Mr. Hile said. "At \$9.25 a share, I don't see the risk."



Tri-Star Pictures Weekly Close

## The New York Stock Exchange

### MOST ACTIVE STOCKS WEEK ENDED MAY 22, 1987

Company	Sales	Last	Net Chng
Har B J	15,026,000	43%	+12%
AT&T	10,916,600	25%	- 1/2
IBM	10,605,200	156%	+ 4
A Exp	9,458,900	33%	+ 1%
Texaco	8,845,000	37%	+ 3/4
Navistar	8,198,800	8%	+ 1/2
Am Mol	7,579,900	4%	+ 1/2
Citicorp	7,247,700	55%	+ 4
MG I	7,051,600	10%	...
Gen El	6,752,300	100%	- 2
Ford M	6,746,900	90%	- 3/4
Morgn	6,605,600	43%	+ 3/4
Chrys	6,325,700	35%	- 1/4
Hewl PK	6,198,400	63	+ 2%
Upjohn	5,998,600	44%	+ 1%

### MARKET DIARY

	Last Week	Prev. Week
Advances	502	684
Declines	1,514	1,296
Total Issues	2,204	2,193
New Highs	49	183
New Lows	232	94

### VOLUME

	Last Week	Year To Date
Total Sales	857,161,830	18,209,012,578
Same Per. 1986	591,012,050	14,345,854,166

### WEEK'S MARKET AVERAGES

	High	Low	Last	Change
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	1972	1973	1974	1975	1976	1977	1978	1979	1980	1981	1982	1983	1984	1985	1986	1987
Indust	197.2	197.2	197.4	194.0	-3.94											
Transp	141.2	138.8	137.3	-4.88												
Util	70.5	68.7	69.5	-1.85												
Finance	143.1	139.4	142.8	-1.39												
Composite	161.4	156.5	158.0	-3.20												

### Standard & Poor's

	334.8	322.3	326.1	-8.98
400 Indust	334.8	322.3	326.1	-8.98
20 Transp	232.6	223.2	224.2	-9.41
40 Util	107.0	102.7	104.7	-2.21
40 Financial	27.4	26.3	27.3	+0.11
500 Stocks	287.4	278.2	282.1	-5.27

### Dow Jones

	2282.1	2188.5	2243.2	-29.32
30 Indust	2282.1	2188.5	2243.2	-29.32
20 Transp	966.1	922.9	933.8	-30.05
15 Util	199.5	199.2	195.0	-3.69
65 Comd	659.0	622.0	639.5	-16.13

### The American Stock Exchange

### MOST ACTIVE STOCKS WEEK ENDED MAY 22, 1987

Company	Sales	Last	Net Chng
Wickes	3,490,800	3 1/2	+ 1/2
Wang	2,850,100	17 1/2	- 3/4
Tex Air	2,688,000	36 3/4	- 4 1/4
Amdahl	2,420,100	34 1/4	- 4
NV Hm	1,816,100	11 1/4	- 1/2
DomeP	1,521,200	1	- 1-16
BlockE	1,321,700	3 1/2	- 1/2
Fruit	1,288,100	7 1/2	- 1/2
WDlight	1,175,800	30 1/4	- 1
EchoB	1,172,200	37 1/2	- 4 1/4

### MARKET DIARY

	Last Week	Prev. Week
Advances	218	347
Declines	602	448
Unchanged	134	156
Total Issues	954	951
New Highs	23	65
New Lows	93	56

### VOLUME

	Last Week	Year To Date
Total Sales	58,488,696	1,432,373,845
Same Per. 1986	57,341,335	1,327,554,984



In the Court for Local Affairs, Jerusalem (formerly the Municipal Court), before Judge David Cheshin. (Cr. Case 2857/85).

THE DEFENDANT was charged with distributing leaflets to passers by outside Hamashbir LeTzarchan in King George Street, Jerusalem, without a permit from the mayor.

The charge was based, *inter alia*, on section 11 of a municipal by-law relating to cleanliness, under which a person may not distribute leaflets, or permit their distribution, in a public place, without a permit from the mayor.

The by-law was passed by the municipality by virtue of its powers under sections 235(2), 242(6) and 250 of the Municipalities Ordinance. The first two sections obligate municipalities to attend to the cleanliness of streets which are not private property; and under section 250, "A council may pass by-laws to enable a municipality to perform the functions it is required or authorized to perform by this Ordinance or any other Law, or to assist it in such performance."

It was not disputed that the defendant had distributed leaflets in a public place, calling for a struggle against the religious zealots, without a permit. He argued, however, that

section 11 of the by-law was *ultra vires*, having been passed by the municipality without authority.

His contention was that only the legislature itself was empowered to restrict the basic freedoms in a democratic regime—in this case, freedom of expression. Since the sections that enabled the municipality to pass the by-law in question contained no provision whatever empowering the municipality to restrict freedom of expression, it had exceeded its powers in so doing.

IN GIVING judgment, Judge Cheshin stressed at the outset that section 11 of the by-law imposed a general prohibition on the distribution of leaflets. There were no indications as to times or to the public places intended, nor as to the contents of the leaflets—political, social, or commercial. Moreover, the by-law did not specify the factors to be considered by the mayor in granting a permit, nor did it require any connection between the grant of a permit and the maintenance of cleanliness.

The result was that the mayor—or, under section 1 of the by-law, some other person authorized by him—had unlimited power to give a permit or refuse it, and, as stated in the by-law, to impose conditions for a

# Handing out handbills



Asher Felix Landau

permit, or to cancel it.

The question was whether the legislature, in the sections quoted, had intended to empower the municipality to deny citizens the basic freedoms to which they were entitled.

Judge Cheshin then examined in detail several decisions of the Supreme Court in which it was held, for example, that "because of the special constitutional status of the basic freedoms, the question whether a power granted by the principal legislative authority [the Knesset] was based on the intention to empower a subordinate authority [e.g. a municipality], to change the existing limits and scope of basic freedoms, must be examined strictly, and with care."

The precedents cited, including Election Appeal 2/84 (Jerusalem Post, May 31, 1985), dealt, in part, with by-laws giving a local authority wide and general powers, such as in the present case—including restriction of freedom of movement in the streets.

The judge also drew an analogy with the power of the District Com-

mander of Police to refuse the right to demonstrate or assemble, quoting, for example, H.C. 158/83, where the Supreme Court had said:

"The roads and streets are meant for walking and traveling, but that was not their only purpose. They were also meant for marches, parades and similar events. The inhabitants of a city—particularly the capital—must accept the inconvenience caused by state and public occasions. In the organized life of society, there is not a situation of everything or nothing. There is give and take, and a balance between different interests."

Judge Cheshin also stressed, on

the basis of Supreme Court precedents, the special status in Israeli law of freedom of expression, and he emphasized the particular seriousness of restricting inexpensive and popular forms of exercising this freedom.

Thus, the American authority, Prof. L.H. Tribe, had said, "...inexpensive methods of communication such as leafletting, picketing, and soapbox orating, have given way to expensive media such as electronic broadcasting, newspaper advertising, and direct mail. These changes in access to and control over the forms of public communication have eaten away at the average citizen's rights and, thus, at the prospects for equalizing free speech values."

THERE WAS NOTHING in the cited sections of the Municipalities Ordinance, Judge Cheshin held, to show that the legislature had intended to empower a municipality to deprive citizens of the basic freedom of expression. The result was, therefore, that in imposing a general prohibition on the distribution of leaf-

lets, and in requiring in advance a licence for so doing, the municipality had exceeded its powers. Section 11 of the by-law, therefore, was *ultra vires*, and unlawful.

He went on to emphasize, however, that the municipality was not without a remedy where actual uncleanliness of the streets had been caused (which was not contended in the present instance). Other provisions in the by-law under consideration made it an offence to throw dirt or rubbish into, or to foul, a public place, and there was no reason why persons who infringed these provisions should not be prosecuted. However, the wide, general powers assumed by the municipality in section 11 were unlawful.

IN CONCLUSION, Judge Cheshin referred to English and American law on this subject. The English law, he said, was unclear, but the Supreme Court of the United States had made specific pronouncements in this regard.

Thus, Justice Frankfurter had said: "The cases more exclusively concerned with restrictions upon expression in its diverse forms in public places have answered problems varying greatly in content and difficulty. The easiest cases have been those in which the only interest

opposing free communication was that of keeping the streets of the community clean. This could scarcely justify prohibiting the dissemination of information by handbills or censoring their contents."

"In *Lovell v. Griffin*...an Ordinance requiring a permit to distribute pamphlets was held invalid where the licensing standard was 'not limited to ways which might be regarded as inconsistent with the maintenance of public order or as involving disorderly conduct, the molestation of the inhabitants, or the misuse or littering of the streets.'"

In another case, Justice Vinson said: "In considering the right of a municipality to control the use of public streets for the expression of religious views...we have consistently condemned licensing systems which vest in an administrative official discretion to grant or withhold a permit upon broad criteria unrelated to proper regulation of public places."

For the above reasons, the defendant was acquitted.

Advocate Yoram Segev appeared for the State, and Advocate Avraham Gal for the defendant.

Judgment given on January 12, 1987.

ISRAELI FESTIVAL. The Palestine Choir, Nuremberg, with the Nuremberg Baroque Orchestra (W. Germany), Rolf Gröschel conducting. Soloists: Gudrun Ebel—soprano, Susanne Fuhrman—alto, Richard Rost—tenor, and Werner Gröschel—bass. (Dornheim Abbey, May 23.) Salieri: Requiem; Mozart: Requiem.

MOZART AND SALIERI. Were the two Viennese musicians not locked together by history in a death embrace, the idea of performing the Requiem by both on the same program would hardly have occurred to anyone. For the monumental, soul-searching requiem mass, a composer's *magnum opus*, seems the least likely material for an instant comparison.

Be that as it may, Salieri's Requiem, which was composed 13 years after Mozart's and waited 11 years to be accorded a performance,

strikes one as a thoroughly respectable work, suitable for a devout church congregation. It opens in an outright inspired manner, only later settling for a solid, yet uneventful run. It was against such a setting that the dramatic coherence and emotional richness of the following Mozart masterpiece stood out.

The presentation by the Palestine Choir of Nuremberg and that city's Baroque Orchestra did a great deal of justice to the works. Rolf Gröschel led the proceedings at a convincing pace, firmly maintaining the overall structure, while paying the necessary attention to the myriad expressive details. The choral singing was a delight—impeccably clear and emotionally involved—and the wind-instrument players performed remarkably well. The strings, on the other hand, seemed out of focus,

# Justice to the works

possibly due to the reverberating acoustics of the Abbey.

For whatever reason, the vocal soloists proved the weak link. Their ensemble singing was fine for the Salieri. Yet in the Mozart, neither stood up to the demanding task: Gudrun Ebel's soprano, impressive in the upper register, sank elsewhere; Werner Gröschel's bass, pleasant in timbre, also lacked dynamic consistency, whereas Susanne Fuhrman and Richard Rost sounded strained throughout.

ELI KAREV



ISRAELI PHILHARMONIC ORCHESTRA—Zeev Dorman conducting with Shira Ravin, violin and Ohad Ben-Ari, piano (Gideon Auditorium, Tel Aviv May 21 & 22). Mozart: Overture to the opera "The Abduction from the Seraglio"; Concerto No. 5 in A major for violin and orchestra; Beethoven: Concerto No. 3 in B flat major for piano and orchestra; Dvorak: Symphony No. 8 in G major.

WITH THE cancellation of James Levine's appearances, the IPO seemed confronted by an *impasse*. At stake were not only Levine's concerts but the public's loyalty. Successful cancellations by Arrau, Serkin, Dorati, Guilini, Dohnanyi and Bernstein played further havoc with the IPO schedule. At this critical moment the IPO did the only thing possible—it entrusted a whole programme to local artists, a group who had been painfully neglected during

the orchestra's Jubilee season. Now suddenly there were three young Israeli artists on stage and all were received with warmth and sympathy by the audience.

While Ohad Ben-Ari and Dorman deserved this reception, Shira Ravin was disappointing. The sweetness and clarity of her playing is undoubtedly charming but her tone is too confined, the volume remaining at a monotonously average level with the musical expressiveness never of stimulating proportions. Nevertheless, the audience seemed impressed.

Judging from his performance, 13-year-old Ben-Ari sounded at least 10 years older. He not only showed surprising maturity but also lovable, outgoing approach, speaking from his heart and conveying a truly exciting musical message.

But the real hero of the evening was the conductor Zeev Dorman. Since we heard him in March, within the framework of 'Young Artists' Week, he seems to have developed impressively. While Mozart's overture seemed a promising curtain-raiser and his accompaniments to the concertos provided the soloists with sensitive, accurate and sympathetic backing, the symphony was nothing less than sensational.

Dvorak's music presents a loose structure of innumerable ideas. Dorman followed them all with loving care, passing easily and naturally from one mood to another, maintaining a close and tight link between them. Dorman's performance was extremely rich in content and flowed amiably, allowing the symphony to emerge as a true marvel.

BENJAMIN BAR-AM

CYNICS HAVE sometimes termed Haifa University "the only PLO university which admits Jewish students." This view stems from its large body of Arab students (nearly 20 per cent of all students) and various leftist campus groups.

On the other side of the cynical spectrum, the university's new Herzl Institute for the Study of Zionism is regarded as "slanted to contemplate Zionism through Revisionist eyes." This is because the institute is funded by Dr. Reuben Hecht, chairman of the Dagon Silo Company, a staunch Herut man and confidant of both Herut's mentor Ze'ev Jabotinsky, and founder, Menachem Begin.

But, says Professor Dan Vittorio Segre, who holds the Reuben Hecht Chair of Zionism, "you couldn't be more wrong." Although Hecht has been a generous benefactor, donating everything from a complete Eretz Yisrael museum to a bronze bust of Herzl and the endowment of chairs, "he could set an example of a donor meticulously avoiding any academic interference," notes Segre.

The 66-year-old professor comes from a wealthy Italian assimilated family, his father, for example, was one of the early Italian Fascists. Segre himself takes a fresh approach to Zionism and an unconventional

view of Zionist studies.

"I believe the Zionism that established the state is over. There are many institutions researching its history and anti-Semitism, and I don't think we should be one more." Despite this, however, the institute is currently engaged in researching such subjects as the Revisionist contribution to the rescue of Jews during the Holocaust.

Segre sees Zionism's "number one problem" today as the "link between time, space and territory," which takes some explaining.

"Unlike other nations, the identity of the Jewish people was determined not by territory, but by time. The Jew lives by the time-cycle of Shabbat, festivals and fasts, as do Moslems. It did not matter where a Jew lived but by what calendar he lived," Segre explained in an interview with *The Jerusalem Post*.

Moreover, the Jewish concept of time radically differs from the Western view, which sees time as linear, either as a positive or negative force. The subscribers to the positive school believe that tomorrow's world will be better than today's. The negatively inclined philosophy sees the universe as condemned to die. "In both, time is irreversible," says Segre.

The Jewish attitude on the other

# Space versus territory

Ya'acov Friedler

hand is cyclical. "Our past is also our present. It is not dead and gone. Every year we 'participate' in the Exodus at our Seder and our final objective is the coming of the Messiah."

Segre sees "a fundamental difference between space and territory." The ghettoes are space but not territory. For 2,000 years the Jews lived in space but had no territory.

Zionism injected a new element into Judaism: a new concept of time—the past is the past, as well as a new concept of the necessity of territory of our own.

"I don't think most Jews today still believe in the aim of political messianism. Zionism, which was a historical necessity for our people, gave us a concept of territory which is like that of the goyim," Segre holds.

He also holds that "we are not alone" in our many current internal problems. The fight for independence by all colonial people in this century was led by a revolutionary anti-imperialist elite which "adopted the ideology and methods of the imperialist country in their fight to rid themselves of it." Ben-Gurion, Ho Chi Minh, Kenyatta and Nehru, as well as the early Gandhi, are outstanding examples.

Once the fight is successful and the elite which led it takes power, they stand in conflict with the traditional elements who often cooperated with the imperialists, or did not align themselves with the forces fighting to expel it. Yet they claim to be the "more authentic" representatives of the people, as has happened in Iran, Egypt, Algeria and is now being experienced in Israel.

"This is not the Jewish *kulturkampf* we dread, but a universal phenomenon in most of the newly independent nations," Segre insists.

While the pattern is universal, "the one place where this conflict of the elites is contested in an open,

democratic manner is in Israel," he adds.

"I do not see it as ideological but as an expression of historic processes."

According to Segre, the secular, European-inspired political structures of the leaders of the *yishuv* who liberated the country from imperialism are facing the forces of tradition in an open and historical debate. Unlike everywhere else in the Third World, one of Israel's essential differences is that this country is the only place where the problem is openly debated. "In this, Israel is a pioneer and this is the kind of problem we deal with in the Herzl Institute, through research, international congresses and the publication of books," Segre said.

Thirty years ago the young Israel served as a laboratory for nation building, much studied by the world. "Today we are a laboratory for the conflict between democratization and tradition. Not a *kulturkampf* but the pioneering of a solution to a widespread problem through open debate and expression."

"We are only one of many new states caught in the struggle between modernity and tradition. It hurts, but it's part of history and we are not alone, which is some solace," Segre maintains.

In order to reach its goal of a Jewish state, the Zionist movement saw as the principal objective of its social philosophy the normalization of the Jewish people. This meant transforming a predominantly middle-class people into a workers' society. But in today's world, the Diaspora Jewish world which the Zionist pioneers wanted to change, is a model for post-industrial society. Segre believes "the Zionist revolution had to pass through the norma-

lization phase but today the challenge it faces is modernization."

THIS BRINGS us to the problem of territory. "Modern society is based less and less on territory and more and more on space. Half of our time is spent in space, whether in actual travel or in communications, on the phone, or in front of the TV set."

The Jewish people, which in the past specialized in this modern concept of time and space, "now sees a disaster when these processes clash with the concept of territory."

We need not, Segre confidently believes, "reimagine Jewish even though for centuries we lived only in space and indeed became the leading experts in maintaining a collective identity in space by sanctifying time."

"Historical necessity obliged us to create a safe territory for our people, so we established the state. Now that we have it, we are forcing ourselves to choose between space and territory as if they were in irreconcilable opposition, which I believe they need not be," he said.

The Herzl Institute will probe the relationship between space and territory in the very particular, historical-cultural-religious-ideological framework of the Jewish people.

"Once again we are the pioneers of a universal problem, typified by such troubling phenomena as the brain-drain and the loss of identity of emigrants, as Italy and Ireland though in different ways, typify."

"You can join a state and you can join a religion, but you cannot as easily join a tribe or nation. You can become a naturalized British citizen, but it takes a very long time to become English. You can become Irish but still be a long way from being an 'Irishman,'" he notes.

In our time, three separate collective identities have developed. The collective identity of the state, of the religion and of the nation/tribe.

"There is no instrument to grant instant participation in the nation/tribe, it takes generations to adapt, except in the case of Judaism, the only religion that automatically grants converts the 'tribal' right of nationhood."

"This is Israel's problem and it is also a universal one of our time," Segre holds.

Segre sees the Holocaust as having resulted from the conflict of space and territory, made possible because the Jews of Europe lived in space without a territory.

"To defend ourselves in future we needed a territory. But now Israel need no longer consider the tension between space and territory as though we had no territory."

An immigrant comes here and instantly is an Israeli, but not necessarily a Jew. "The state has the tools to solve the identity of Israelis but not of Jews, or Druse, or any other tribe, because tribes are ante-territorial," Segre for his part believes the institute can contribute to research in these fields.

AT 66, though still youthful, the professor of political science is standing back to make room for a younger scholar to take over. "I can only hope the seeds I have sown blossom."

He left Italy for this country in 1939 when he realized where the fascism his father believed in was leading. He worked for a time on a

kibbutz and in 1941 volunteered for the British army and served in its paratroop intelligence branch, eventually being taken prisoner in Yugoslavia. He joined the Hagana for the War of Independence and then joined the Foreign Ministry in which he served until 1967.

In 1949 he went back to Italy to study at the universities of Rome and Torino, and though he was granted an Italian doctorate in the philosophy of history he says "it's not a real Ph.D." But this did not stop him from working as a senior research fellow at St. Anthony's College, Oxford, and as a visiting professor at MIT.

Last January an American publisher brought out his biographical *Memoirs of a Fortunate Jew* which was widely reviewed in the American press.

Segre has no illusions about Israel's internal difficulties; the confrontations between right and left, secular and religious. He believes religious extremists are perhaps the biggest danger to Jewish religion today. He himself observes the Sabbath, but goes bareheaded "because I don't want the *kippa* trademark."

Israel's problems, big as they are, "are not unique. They are faced by many in our modern world. We may be unique in pioneering their solutions," believes Segre, and Israel may yet be a "fortunate Jewish country."

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in the presence of  
**Mr. Shimon Peres**

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on Friday, May 29, 1987, at 11.30 a.m.  
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مکرمات الام







